

Toyota's big new answer for our kind of economy.

New Corona. Your kind of car.

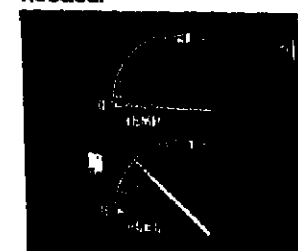
Toyota announce the first new concept family car. New Corona introduces the most significant new concept in power and economy ever offered in New Zealand. Founded on Toyota's unique mastery of design and small engine technology, new Corona features a new generation engine - the brilliant 3-T, and vastly superior design principles. The outstanding success of new Corona's design has dramatically lowered the normal wind-resistance level resulting in substantially increased economy and an uncanny quietness in the cabin. New Corona is the brilliant result of Toyota's unrelenting quest for peak performance and outstanding economy.

Your kind of stylings

Simple, clean, classical. Three words that best describe this bold new design. From the smooth front with its squared-off headlights, to the wrap-around rear tail lights, this is a car designed with two overall concepts in mind - enduring style and more usable space.

Your kind of economy and performance

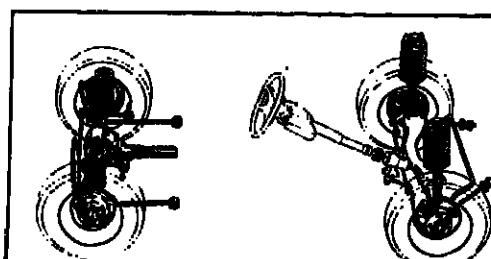
A new engine for a new car. The brilliant 3-T motor has been specially developed from Toyota's unique understanding of small engine technology. Based firmly on the principle of combating constantly rising fuel costs, Toyota's advanced know-how has brought New Zealand motorists the vital economy breakthrough we needed.



A special feature to remind you of Corona's economy - the petrol gauge monitors the amount left in the tank - even when the ignition is off.

Your kind of reliability

If there's one kind of owner that must have total reliability it's the family man. New Corona is engineered on demanding principles of long life. Toyota engineers have been able to perfect reliability that surpasses even the previous Corona - itself a standard of reliability that other manufacturers have long envied. Construction is typically Toyota - tight and tough and includes the latest proven techniques of protective and preventative safety.

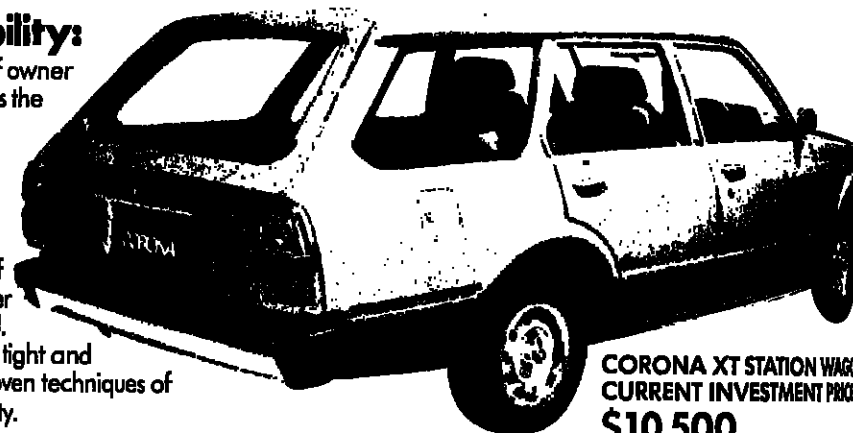


Corona XT sedan features McPherson strut suspension complete with stabiliser bar up front and 4-link lateral rod, coil suspension in rear. The improvement in ride and handling is quite outstanding.

Your kind of comfort



We believe that new Corona is the most comfortable and the quietest family car you can buy. This comfort and quietness was not easily achieved. Thicker, sound absorbing material is used extensively throughout. A remarkable new bulkhead deadening system has been introduced.

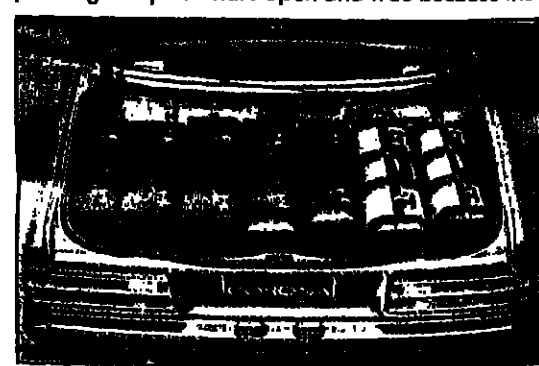


CORONA XT STATION WAGON
CURRENT INVESTMENT PRICE
\$10,500
Also available with automatic

Thick, pile carpets cushion the floor. The seats, in the tradition of Toyota, are deeply cushioned, fully cloth covered and fully adjustable.

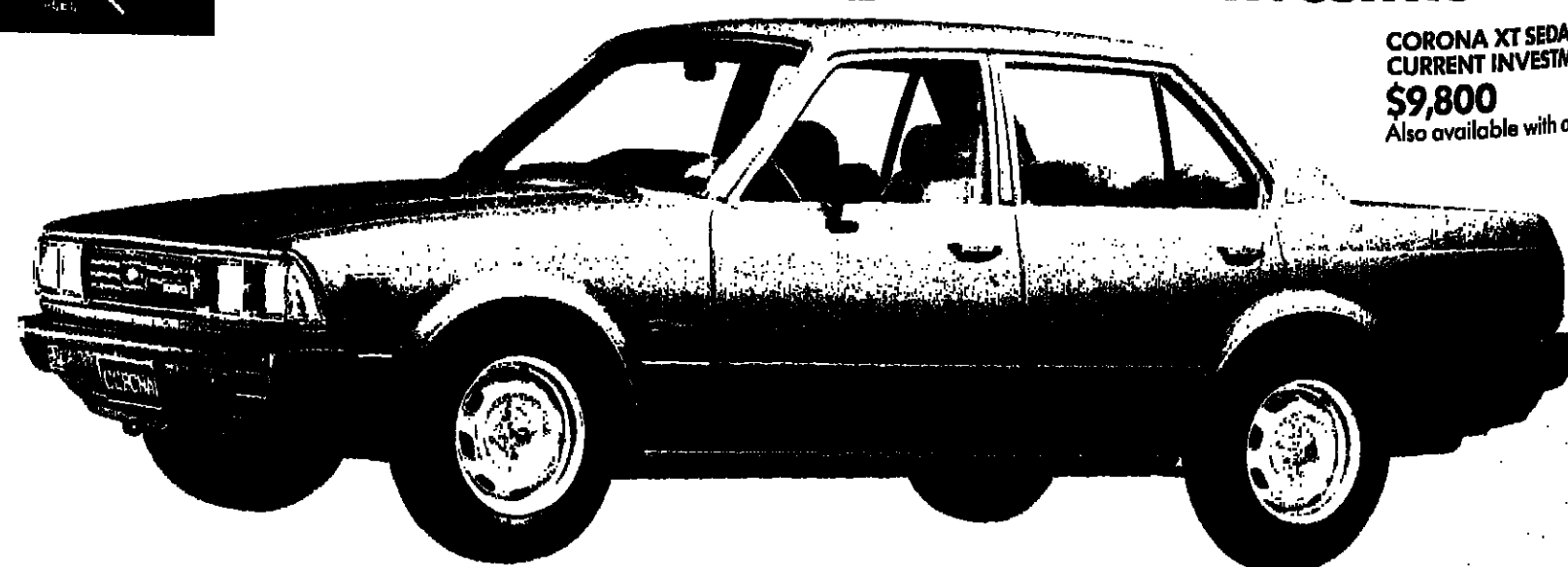
Your kind of space

Space. The word that goes best with new Corona. Space for more luggage. Space for five passengers. Space that's open and free because the



windows are high and wide. In the cabin, legroom and particularly shoulder room is greatly improved. Importantly for the family man, the new Corona's boot is deep, wide and long and - as the photograph shows - it can easily accommodate the most demanding family man's cargo.

New Corona. Your kind of investment.



CORONA XT SEDAN
CURRENT INVESTMENT PRICE
\$9,800
Also available with automatic

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NATIONAL BUSINESS REVIEW

60 cents

Volume 9 No 15 (Issue 332) May 2, 1979

Milk marketing revolution stalled by T & I

by Warren Berryman
TWO Government departments are disputing whether to allow two privately owned industrial giants to spend their own money to launch a new product.

The product: flavoured milk and fruit juice in cardboard cartons.

The companies, UEB Industries, which wants to manufacture the cartons, and New Zealand Forest Products, which is developing local production of the highly specialised cardboard for carton manufacture.

Waiting anxiously in the wings is Alex Harvey Industries, whose monopoly on the glass bottle market is threatened by cardboard containers.

The Government departments: Trade and Industry, which opposes the project and has the power to grant or refuse import licences for the carton filling plant, and Agriculture and Fisheries, which favours the carton concept as a marketing tool to boost this country's flagging milk sales.

After holding up production for nearly 18 months, Trade and Industry passed the buck to Agriculture and Fisheries, which must prove to Trade and Industry that cardboard cartons are of "national benefit".

Hanging in the balance, apart from the few hundred thousand dollars of private capital already invested researching the product, is the prospect of increased milk sales, and up to \$5 million in exports of Forest Products' carton cardboard a year to Australia.

Also in the balance is a new joint venture between the Cook Islands and Oasis Industries to process and market island fruit juices in cardboard cartons, on the domestic and export markets.

UEB has been working on the project for five years and has been negotiating with Trade and Industry for 18 months.

A Trade and Industry source

summed up his department's attitude by asking: "What's wrong with glass bottles?"

According to this source, Trade and Industry's concerns are:

- UEB and Forest Products want an initial shipment of cardboard blanks to be imported to get the scheme off the ground. Trade and Industry, unsure of Forest Products' ability to produce the cardboard locally, fears this initial importation might create a market demand and lead to further imports - rather than local production.

- Trade and Industry asks why the consumer should pay two to three cents more for his milk in a carton and the department fears that the extra cost might be charged to the milk subsidy.

- AHI's glass bottle manufacturing sales might be hurt by UEB's cardboard containers.

The increased recycling of bottles, the source said, had curtailed AHI's new bottle sales. And UEB's plastic bag in a box wine carafes each replaced six wine bottles.

UEB managing director Rob Tedcastle emphasised that the cartons were intended to create a new market for flavoured milk and not to replace the traditional milk bottle.

Attractive carton design would promote flavoured milk as a fun drink giving consumers and distributors a "clavine".

There was no question of the packaging costs coming out of the milk subsidy, Tedcastle said.

UEB has a joint marketing deal with J Gadston and Co - the Australian licensee for Ex-Collo Corp of the United States, which produces the pure-pac cartons.

Pure-pac's promotion of flavoured milk in Victoria boosted milk sales to a point

where they cut into 23 per cent of the soft drink market, generating \$18 million extra milk sales, he said.

Tedcastle said UEB had a dozen local distributors already interested in the cartons. These included milk corporations and Oasis Industries.

New Zealand milk sales have dropped with each reduction in the subsidy and subsequent price increase. Consumption dropped from 142 litres per capita to 134 litres per capita between 1972 and 1978.

The milk corporations which are interested in the cardboard cartons, see the concept as a means of boosting sales.

Other advantages of cardboard cartons are:

- Less weight and lower transport costs than bottled milk.
- No returns and no bottle washing.

- Cardboard cartons are more compact and easier to store, offering a premium to the distributor because it saves on expensive chiller space.

- It saves on chilled shelf space for the retailer.

- The machinery required for carton filling is much cheaper than the combined filling and washing plant needed for bottled milk - a major consideration for milk distributors, because their existing bottling plant needs replacement.

The carton scheme found favour with Agriculture Under-Secretary Rob Talbot. Just before the Government cut back the \$5 million milk subsidy and the milk price was increased early this year, Talbot was quoted in the New Zealand Herald as saying that "milk in pint bottle form, is the most unattractive method of presentation you can imagine".

Talbot cited the Australian example of increased milk sales through cardboard cartons and advocated this form of packaging here.

Oasis Industries has a joint venture with the Cook Islands Government and growers to process and market island oranges, pineapples, lemons, and grapefruit.

It wants to produce both pure Cook Islands fruit juices, and blends of it with New Zealand juice, for the local market and for export.

This venture hinges on availability of UEB's pure-pac cartons. The advantages of cardboard cartons, as seen by Oasis, are essentially the same as those seen by the milk corporations.

"If we can't get the pure-pac the whole fruit juice business will have to be

For Forest Products production of the specialised cardboard hinges on volume throughput - and this means exports.

The Australians import all of this type of cardboard from the United States and Scandinavia - some 40,000 tonnes a year at a cost of \$850 a tonne.

Forest Products hopes to capture half of this market in time. It has talked with the two major Australian users - Pure-pac and Tetra-pac.

The next move is over to Trade and Industry, where - as the Trade and Industry source put it - the scheme "is on ice until Agriculture and Fisheries prove it to be to the national benefit".

THE competing cases of UEB and AHI - Pages 6 and 7.

Inside:

THE US beef market promises an Eldorado for farmers who can get New Zealand off the counter-cyclical hook - John Draper reports - Page 3.

COLIN JAMES looks inside the Zimabwe Constitution which ensures that whites retain power - Page 12.

SHOULD Air New Zealand compete or quit? The airline's general manager of corporate services, Charles Beresford says we have no choice - Pages 14-15.

FOR Government, energy conservation is a thumb on the balance-of-payments scale. For industrialists, faced with a 60 per cent electricity price hike, it is the key to survival. And Warren Berryman argues that power planners haven't managed too well - Pages 20-27.

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It's time for some changes out in party land

by Colin James

IT IS conference time again in politics. Time for a sea of conflicting remits amidst a welter of gladhanding and reflected glory. Time for exhortations and backbiting. Time for elections.

Elections are always the most fun and this month there are some of more than usual interest.

First up is the Federation of Labour presidency this week. The FOL is a pressure group, not a political party, but a widely shared membership with the Labour Party makes it a semi-constituent conference of that party.

Sir Tim Skinner resisted too close a relationship with the Labour Party, of which at times he was openly contemptuous. The Joint Council of Labour, which is supposed to link party with federation, rarely met while he was president, largely because he was seldom available.

Skinner was a Labour backbencher in Parliament from 1946 to 1949 (for Tamaki, would you believe?) But by the time the present member for Tamaki had made it to the prime minister's suite, Sir Tim had spread his eggs. He was a one-man political wheeling machine.

No FOL president these days can be a one-basket man. But the new president will almost certainly improve the links with the Labour Party.

And to underline the point, the conference was due to discuss a remit from the Wellington and Taranaki Caretakers and Cleaners Union demanding much closer links.

The caretakers and cleaners wanted joint committees between the party and federation at all levels of the two organisations "to initiate a broad joint campaign around policies that are progressive and practical".

But this matey resolution had a sting in its tail which demonstrates the gulf between some sections of the union movement and the Labour Party.

It wanted a future Labour Government to implement clause 3(j) of the FOL constitution: "... to work for a more equitable share of the national income and ultimately production for social use and not for private profit".

This clause is a mild throwback to the days when both the FOL and the Labour Party believed - or said they believed - in the socialisation of the means of production, distribution and exchange.

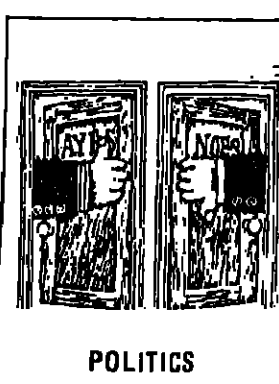
Since then, the FOL has become a "share-of-the-capitalist-cake" organisation and the Labour Party has gone "democratic socialist", which means it accepts the mixed economy - and the mixed economy includes profit for capitalists.

To make the point even more starkly, the two contenders for the Labour Party presidency are themselves capitalists, who've both taken their share of profits out of the economy in their time.

Pioman Joe Walding made a packet out of his family catering firm. Jim Anderton has done well enough out of light metal manufacturing to be able to offer himself on a virtually fulltime basis.

While no one would deny them the grace of altruism, it is hard to see either enthusiastically pushing through a "social use" plank for the Labour Party's 1981 platform.

In fact, regardless of which one wins the election, the party's policymakers are



POLITICS

nominee next year for the presidency.

But there are many in the party who feel Masters would let the organisation slip back into the role of servant to the parliamentary party rather than, as Chapman has striven for, that of its master.

Watch, therefore, whether former Wellington divisional chairman Egan Ogier will pop up somewhere this month.

None of the sitting chairmen from Waikato, Wellington and Canterbury-Westland are in the race. Otago-Southland will this month elect a new chairman to replace Dorothy McNab, so it is a doubtful source of presidential nominees, though one of the candidates for chairman, Ken Scott, is already a member of the dominant executive and is not short of ability.

There will be more than usual interest, therefore, in the performance of divisional vice-chairmen, especially if divisions are looking towards the post-Masters presidency. For that reason there will be considerable interest in who



JIM ANDERTON ... Long memories might lose him votes.

will replace retiring Julian Watts in Wellington.

Not to be left out, minuscule Values has its presidential election, too. David Woodhams has said he is giving up as "challenger".

Values is also putting up for election its leader and deputy leader posts, since deputy leader Margaret Crozier, once of the Labour Party and believer that political parties

are about power, is challenging incumbent Tony Kunowski who has seemed more of a consensus chairman than a leader, a little apologetic about the fact that it is politics Values is involved in rather than something nicer.

The only party without presidential worries at the moment is Social Credit. But that is because it is not holding its conference until August.

And then George Bryant, whose organising skill and energy were critical to the league's ability to ride the wave last year, is considering stepping down to pursue his teaching career, now being within reach of a principalship.

New presidents of the Federation of Labour and the Labour Party, maybe a new one for Social Credit, the beginnings of next year's race for a president for National and changes in the offing for Values.

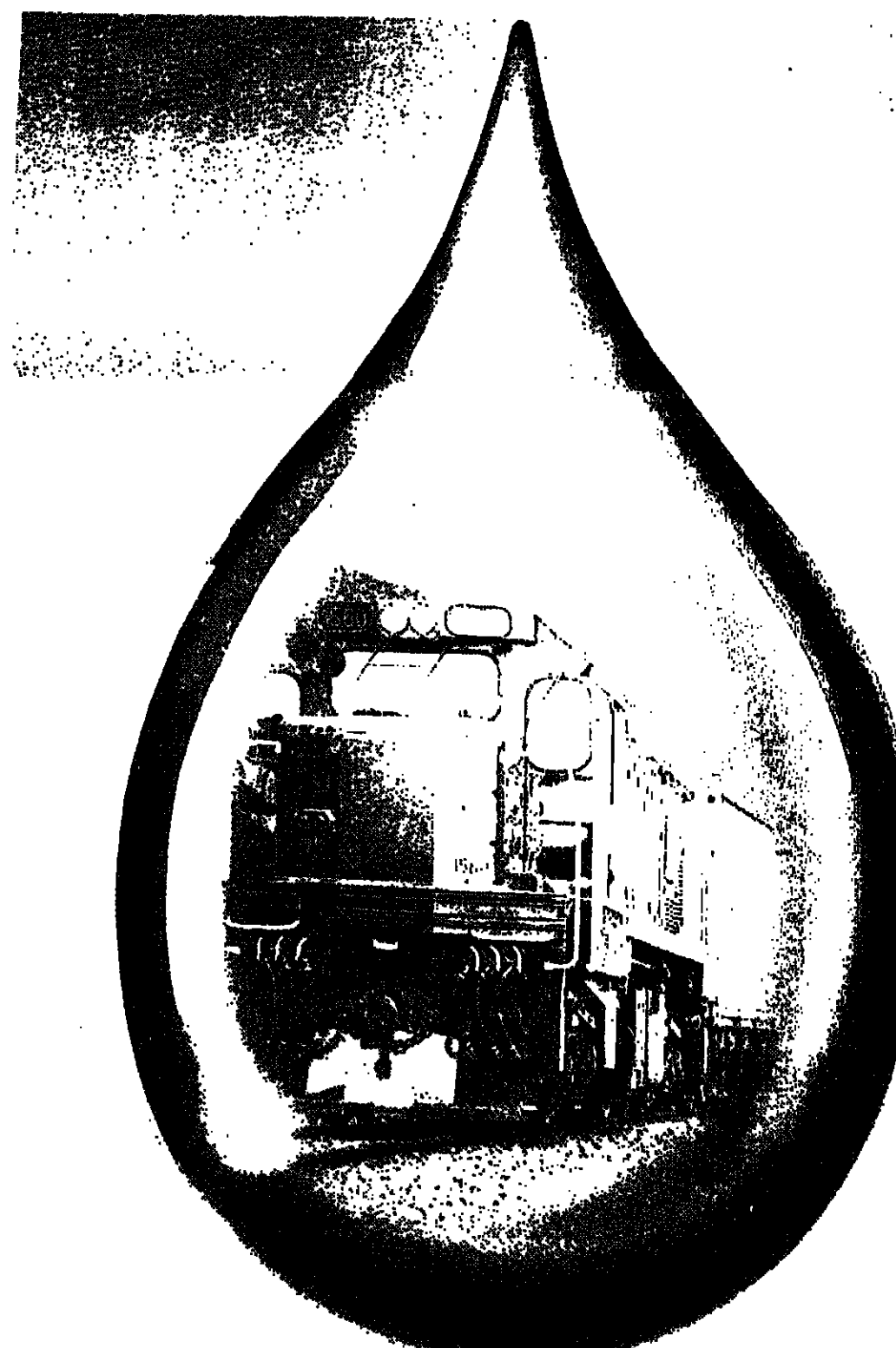
The Federation of Labour may not have followed overseas labour practice of a May



JOE WALDING ... lack of capitalist profits.

Day march to mark the conference opening on May 1 by the end of the month, a political scene is going to be a bit like a game of musical chairs has been going on.

By then the semi-annual six-month conference of Parliament Hill will be begun. Of course, Parliament is important, but the system lies on the floor the meetings this month.



US appetite for beef offers farmers an escape

by John Draper

AMERICA'S insatiable appetite for beef might let New Zealand make a quick killing and escape from the counter-cyclical pen.

The ups and downs in American production are quickly followed in New Zealand with little long term gain either for farmers or the balance of payments.

American beef production is down by 20 per cent and likely to stay that way for the next five years.

For New Zealand farmers, it should be a sizzling Eldorado as prices climb - or at least remain high - and America opens the gate on beef imports.

Meat exporters are confident another 50,000 tonnes of beef could be exported, worth, at current New York prices, at least \$150 million.

But falling production makes it doubtful that New Zealand will be able to meet the increased quota it will almost certainly get next year.

Like the United States, Australia and Canada, it too is on the same beef cycle. Cattle

numbers climbed in the early 1970s as they did in the other three countries.

In five years American cattle herds rapidly increased by 20 million to 122 million. But in the following four years to the beginning of 1979, the fall was even more dramatic.

No one reason stands out. Rising oil prices played a part. So did the Russians.

Huge quantities of wheat bought at rock bottom prices were shipped to Russia before being sold back to America at a handsome profit in the best capitalist tradition.

Japan's beef blockade has also been widely blamed as the cause. But local meat industry sources contend that the Japanese might have seen the crash and a flood of cheap beef coming and reacted quickly.

Whatever the reasons, farmers began killing stock at a high rate and prices tumbled.

Dry summers in 1975, '76 and '77 accelerated the rundown. Industry experts in America are billing the fall as "the largest cattle liquidation in our

history". Latest reports show the massive slaughter easing and the American cattle herd stabilising at around 110 million.

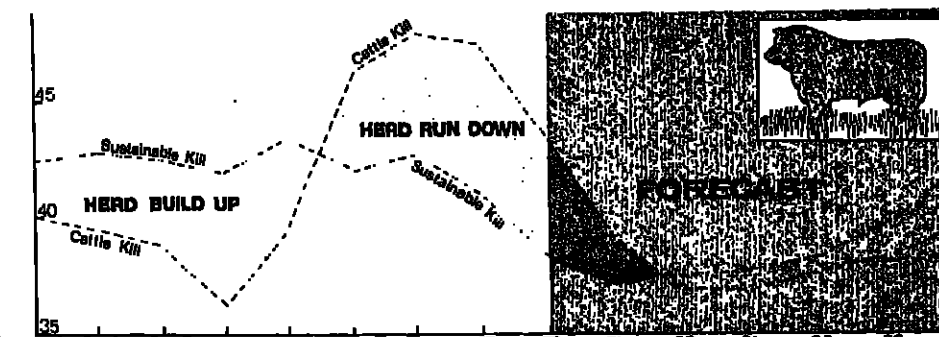
The total American kill for the first 90 days of 1979 was 1.75 million head smaller than for the same time a year earlier.

"This drop, if sustained throughout 1979, will be sufficient to hold the liquidation of our national herd and leave inventories at about the same level as at January 1979," one market report says.

The low kill has sent prices soaring. Manufacturing beef has doubled in price in less than a year and is expected to go even higher.

For beef farmers throughout Australasia and America, it is a dilemma. To sell off stock is to sacrifice possible long-term gains for a short-term profit.

A rapid build-up of American herds, as in the early 1970s, is unlikely. To do so would mean a big drop in the numbers slaughtered, sending prices way beyond what the consumer will pay.



USA BEEF CYCLE (Figures in Millions Head)

High grain prices and sagging farmer confidence are also factors likely to prevent a rapid herd increase.

Already there are indications that American beef-eating tastes are changing.

High prices for traditional roast beef and sirloin steak have made them food for the rich, while the rest of America is turning in favour of cheaper chopped, ground beef.

Pork and chicken consumption are gaining at the expense of beef.

New Zealand's beef cycle is

closely geared to the United States market, which takes 85 per cent of our beef exports.

In the early 1970s, beef was thought to be our main export hope as wool and lamb faltered, and the European Economic Community clamped down on dairy imports.

But now sheep farming looks a better long-term proposition as both lamb and wool prices firm. Sheep farmers have also fared better from fluctuating world prices than other sectors.

And despite high beef prices and good medium term prospects, New Zealand farmers who moved to beef are now turning back to sheep.

Borthwick's livestock manager Alec Watson, who is forecasting high American beef prices up to the mid 1980s, is against inducing New Zealand farmers away from sheep back into beef.

"The obvious course is not to interfere in any way with the sheep industry but to try and develop manufacturing beef based on surplus dairy cattle," he said.

And he sees little future in building up prime beef herds. Time works against the beef farmer who needs five years to build up his herd, producing a boom-bust cycle.

Watson points out that one million bobby calves are slaughtered every year yielding only 10,000 tonnes of veal.

"By keeping 400,000 for the next few years we could produce an extra 50,000 tonnes of manufacturing beef very quickly," he said.

And there are already signs of it happening. Bobby calves, the four-day-old waste product of the dairy farm, are now fetching up to \$30 each as opposed to next to nothing a year ago.

The 1978 budget introduced a minimum floor price guarantee for bobby calves

sold as weaners. Fewer than 150,000 have been registered each year to qualify for an immediate \$10 subsidy.

The current minimum price is \$80 but at recent auctions top weaners were fetching \$200. Export veal prices are also dragging up bobby calf prices to the \$30 mark.

The Meat Board is optimistic the high weaner prices will be enough to encourage dairy farmers to raise this year's crop of bobby calves born from August on. Weaner calf sales may need to be organised modelled on the Waikato sales at Frankton.

This year New Zealand's beef quota to the United States has been increased by 300,000 tonnes to 1.34 million tonnes, where it is also expected to remain for 1980.

Meat industry sources expect this level to be New Zealand's minimum quota when counter cyclical legislation is passed by Congress later this year.

An extra quota resulting from the failure of other countries to fulfill their quotas is likely later this year.

Though the Meat Board has kept regular customers like Singapore supplied with prime cuts for the hotel and restaurant trade, other buyers have been turned away.

Greece, Portugal, Spain, Syria and the South Koreans are among those who have left empty-handed or taken less than they sought.

Next year New Zealand's beef production is expected to decline again and our Canadian and American quotas are likely to be unfilled.

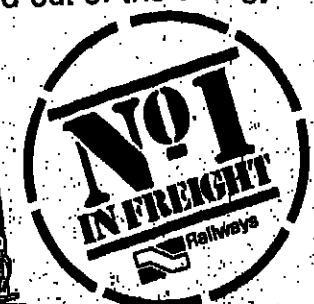
But with a quick move into manufacturing beef based on bobby calves, production could recover by 1981.

At home, traditional meat-eating habits are likely to be modified by the high prices not only for beef but firming export prices for lamb and mutton.

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Worldwide flak smashes at glass bottlemakers

by Warren Berryman

GLASS bottle manufacturers are under attack world wide, both from anti-litter environmentalists and from competing plastic and cardboard containers.

Environmental lobbies, both here and in the United States, are pushing for a high deposit on beverage bottles to keep them off the parks and beaches.

Thus they favour glass over disposable alternatives. But this favour is a two-edged sword. Their insistence on returnable containers restricts the glass manufacturer's option to produce cheap one-way glass bottles in competition with plastic, tins and cardboard containers.

The returnable bottle is more expensive to produce than the one-way bottle alternative.

And many retailers who can't be bothered handling and storing returns refuse to sell returnable bottled beverages.

Even the high deposit means high rate of returns argument breaks down when one considers the high rate of return for low deposit milk bottles versus the lower rate of return on high deposit soft drink bottles.

The traditional wine, soft drink, or milk bottle is expensive, heavy and of a space-wasting shape. Cost-conscious manufacturers are shunning glass in favour of plastic — cheap and ultra light weight — and cardboard cartons, which, while heavier than plastic are lighter than glass and shaped for optimum density packing and display.

Steel and aluminium cans have also laid a costly toll on the glass industry.

Marketeers welcome these

new packing mediums for the highly flexible packaging potential they offer.

Which all explains why Frenchmen are now drinking their vin ordinaire from plastic bottles and milk from plastic sachets; Americans will beer from aluminium tins and hurl the empties from speeding cars at highway markers; the American milk bottle has gone the way of the dodo, as has door-to-door milk delivery, to be replaced by milk in pint, quart, half gallon and gallon cardboard containers from the supermarket. Even the face of the wine shop has changed from the varied display of multi-shaped and shaded bottles to gallon bag in a box cardboard wine containers.

The American glass industry is fighting back, replacing the curvy Coke bottle with a short dumpy — a

cheap, but space-saving bottle. And then there is the two-litre soft drink bottle.

New Zealand's glass bottle monopoly, AHI's New Zealand Glass Manufacturers Company, is facing the same problems faced by glass manufacturers overseas — and then some.

Beverage tins have made some inroads into the glass bottle market here. But these tins are also produced by AHI, and their high cost promises to restrict their use.

The environmental lobby kicked up such a fuss when Coke introduced its big non-returnable bottle that future forays into cheap one way glass bottles are unlikely.

Besides, the environmental lobby seems to have found receptive ears at Trade and Industry where it appears a gentleman's understanding has been reached with AHI.

The real battle seems to be shaping up on the wine and milk markets. Government, and not market forces, will be the deciding factor.

There are four contenders in the milk container stakes — AHI, UEB Industries, Rosebank Plastics, and the Dairy Board.

Rosebank approached at least one of Auckland's milk corporations with the idea of selling milk in polycarbonate bottles.

UEB and AHI are locked in a lobbying battle in Wellington over the question whether the New Zealand retailer and consumer should have access to milk — or at least flavoured milk — in cardboard cartons.

Parties largely ignored in these rarified negotiations are the Milk Promotion Council, the New Zealand Milk Board, the retailers, the milk corporations, and the

consumer.

Trade and Industry has ace card by controlling import licences for packaging equipment.

UEB prepared environmental impact study in favour of the milk bottle covering use, litter control, advantages, and the size of the New Zealand vendor should cartons be introduced.

Toy O'Shanassy, managing director of AHI's subsidiary, said: "It is a place to intervene Government or milk decisions."

"However, it is to submit certain information have to assist them with decision making in respect of this particular issue."

"Details of this information can't be made available unless those people for whom it was prepared give permission," he said.

AHI had apparently revealed its report to the country's most powerful parties, for the Minister of the Milk Board, Randall Kennedy, told it was not aware such a report had been written.

But it is understood: Milk Board's office capital has been notified Kennedy said that since he knew, the Milk Board has no objections to milk cartons so long as the consumer is given a choice between glass and cardboard milk and extra costs for cartons was recovered from the consumer.

The Milk Promotion Council, which is funded by the Milk Board, had different views. It was received a UEB report consulting the industry and conceiving all its efforts lobbying Wellington.

The Milk Promotion Council was not in favour of the cardboard cartons, this was said.

Milk sales here were based on home delivery. If UEB cartons did not break into the home delivery market, restricted throughput, only flavoured milk that retailers would push up to container price, ... milk would be at least double the Australian price for cartons estimated.

He also estimated that UEB would have to charge more than its 1 litre carton in this market than the 3.8 cent for 600 ml carton changed in Australia.

The Dairy Board is also not with a \$1 million in Takanini, Auckland, a package UHT Long Life flavoured milk in Sweden, Tetra-Pac cartons.

The Dairy Board is based on the export market for this product but they plan to market some of the flavoured milk in New Zealand at prices ranging from 20 cents for a 250 ml carton to 40 cents for 600 ml.

Flavoured milk is not regulated by the Milk Act and therefore it is not under the jurisdiction of the Milk Board.

Some milk vendors have already expressed an interest in distributing this UHT milk for the Dairy Board, basing their fear on Australian experience where cartons are displaced the bottle.

The whole milk carton concept, as imported from Australia was intended to create a new market for flavoured milk as a food item to be sold in the young, as such, milk would find its way into fast food bars.

(Continued on page 11)

State plays political football with milk cartons

by Warren Berryman

BOOSTING milk sales with flavoured milk in brightly coloured cartons might seem a relatively simple marketing ploy. One might think it required no more than some initial market research, a substantial risk of costs, a capital, and then market forces would decide if you were a winner or a loser. But that is not the case in New Zealand, where milk

containers are looking like political footballs.

The question of what the market wants or is willing to pay for will not determine the success of UEB's pure-pac flavoured milk and fruit juices cartons. Rather, it is what the Department of Trade and Industry will allow.

The latest bureaucratic hurdle put in UEB's path, was a request for an environmental impact report from Trade and Industry.

UEB complied in January with a report which compared its proposed cartons with glass and plastic milk bottles. The comparative parameters were imported content, pollution, energy input in container manufacture, filling and distribution.

The major points in favour of the glass milk bottle, which are said to have impressed



MARKETPLACE

Trade and Industry and the environmental lobby, are that glass is reusable, refillable, and recyclable. The deposit paid on glass bottles keeps them off the rubbish tips, parks and roadsides.

And insofar as the average life of a milk bottle can be up to 100 fillings, this reuse is

thought to save money.

But the UEB report claims there are less obvious costs involved in glass bottles.

Even if the glass bottle was never broken and was capable of an infinite number of refillings, cardboard cartons and plastic bottles have a weight advantage.

The report compared the container weight-milk weight ratio in three identical standard milk crates.

This comparison had a built-in bias in favour of the carton. Because the cartons are square in cross section, they fit the square holes in the crate where round plastic or glass bottles leave wasted space.

Thus the comparison was between 20-litre cartons and an equal number of glass and plastic bottles containing only 800 ml of milk each.

Compared on this basis, the

report found that the weight percentage of milk per crate was 86 per cent for cartoned milk, 81 per cent for plastic bottles, and 54 per cent for glass bottles.

Worked out on an individual container basis, the glass weight was 63.3 per cent of the total weight of a full bottle of milk. For the cardboard carton and plastic bottle these percentages were 4 per cent and 2.5 per cent respectively.

This weight and container shape advantage, UEB's report claimed, meant a saving in transport costs.

And the cartons did not have to be returned, which led to further transport and handling savings.

But this still leaves UEB comparing a reusable bottle with an expendable carton.

Here the company attacked the costs and water pollution

aspects of washing glass bottles before reuse.

Bottle-washing machines cost about \$120,000 and each bottle washed takes over two litres of hot water, leading to thermal loss when the hot water is dumped. Thus the filling costs for cartons were one third of that for reusable bottles, the report concluded.

Homing in on currently fashionable grounds, the report claimed that while glass bottles had only a 37 per cent domestic raw material content, and plastic bottles no indigenous raw material content, cartons were made of 93 per cent local renewable resources.

All of which still begs the question: will New Zealanders take to cartoned milk as the Australians and Americans have? And will it boost milk sales?

The secrets of a successful Australian business trip.

by Peter Nelson
New Zealand Sales Manager - TAA.



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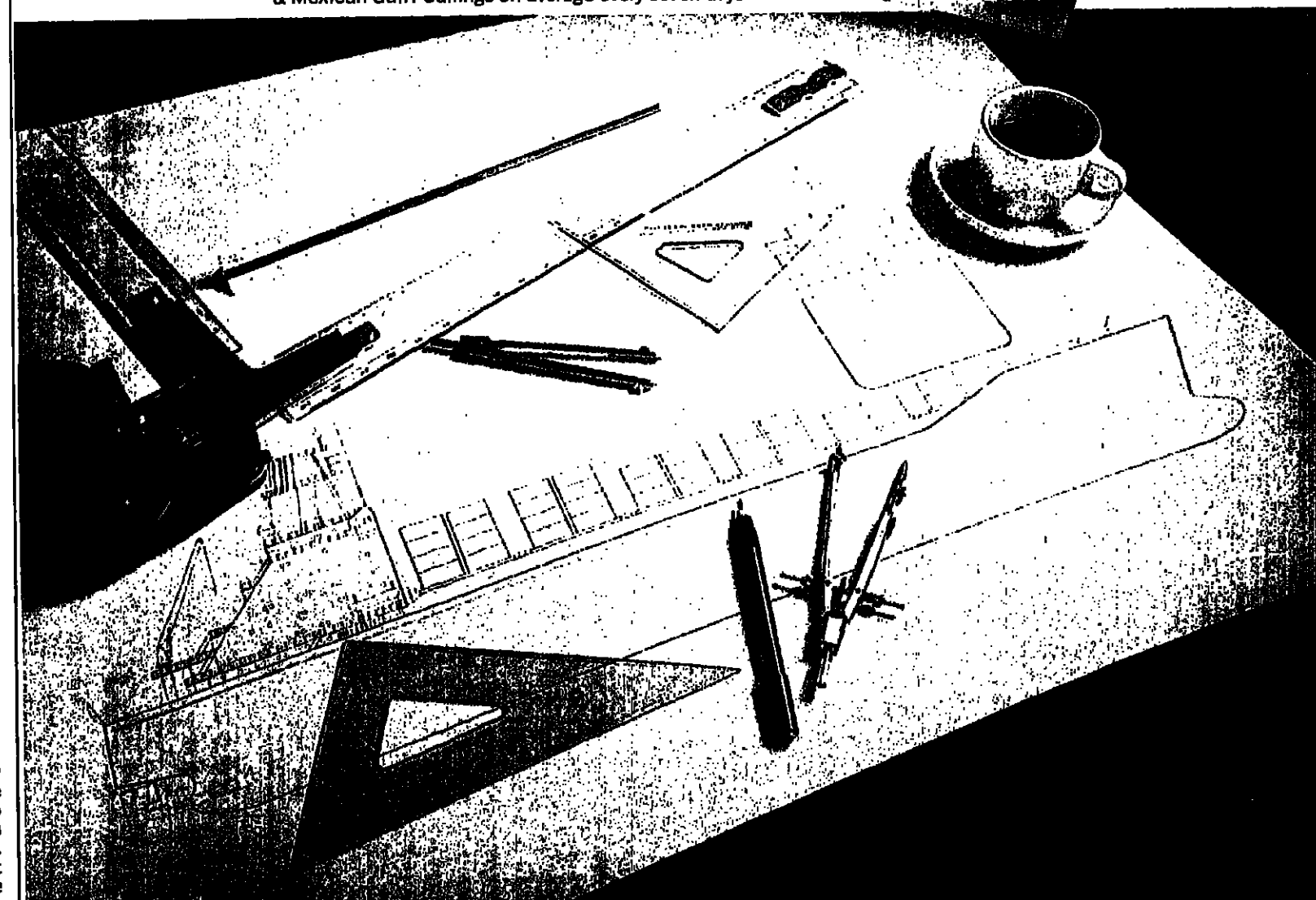
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NBR BUSINESS WEEK

NZ loses a city-load of workers each year

by Peter V O'Brien

NET migration from New Zealand in the last three years has been about 75,000 people, but all the Government can do is refer to a reduction in housing demand.

The latest figures from the Department of Statistics show that there was a net migration loss of 35,084 in the 11 months to February, 1979.

The "actively engaged" in that total was 24,508, which is the population of a city. Their 10,578 dependants (or dependants plus those who have retired) raises the permanent outflow to a sizeable secondary city.

In spite of protests that we are a mobile population always looking for "overseas experience", the increase in numbers in recent years emphasises that the problem is growing.

The Department's figures include a breakdown of the net loss by occupational groupings, as shown in the table.

The figures are potentially disastrous for this country's future. While it is true that many people who emigrated would merely add to unemployment numbers if they had remained in New Zealand, the loss of

professional people, technicians, and administrators (including several in the clerical classification who could be expected to move up the occupational ladder) will affect our future.

An example can be drawn from our experience in World War II. As a result of those casualties, there was a shortage of middle management in the early and mid 1960s, and companies reacted by appointing managers in their 20s. Those positions would normally have been filled by people in their 30s or 40s, but many did not

return from the war. Today the relevant age group, which would now be the 50s, sees a shortage of top executive or directorial people (discussed in NBR last year).

In the next 10 years the problem will repeat itself, but the effect will be greater.

Last week coincided with Anzac Day, when there were the usual references to the fact that the country lost the "cream of its youth". Today the current "cream" is also being lost in the course of an economic war, in which the administrative commanders flounder from one skirmish to another.

The total effect of the present outflow cannot be quantified, but it is clear that the impact on the economy and the country is solid.

First, every skilled worker or professional generates activity for others. Whether the "others" are one, two or three, depends on the industry or service activity. The result is a shortage of skilled workers (not necessarily surprising given the relevant margins between skilled and unskilled in New Zealand and other countries, particularly Australia), while there is an unemployment problem among the semi-skilled or unskilled.

Secondly, the outflow means an average loss of earning power greater than the level of those left behind. That may have some "desirable" influence on the level of demand in the economy, in the short-term, but it also means that the downhill trend is accelerating and will be harder to reverse in those happy days (somewhere in the 1980s?) when we return to growth.

The third effect is the intangible psychological influence on those who remain. Some will react by joining the

exodus when they hear of the opportunities for their friends or relations. Others will be left with a sense of frustration, and the knowledge that their living standards are dropping in international terms.

But how do our "leaders", whether in the manse or Parliament Hill or in the bureaucracy react to this? Basically with a dearth of imagination, creeping paralysis, blots of the inhabitants of "cottoned chairs, ivory towers or marble palaces", references to a reduction in housing demand or claims that the outflow is only youth seeking experience.

The last claim is a fallacy, as is seen by the 1983 phenomenon of people in their 40's and sometimes older departing for other places. That cannot be dismissed as "youth having a fling". In the older age group the decision to leave involves radical change to established living patterns, pulling up roots, and accepting the problems of becoming settled in a strange environment. Consequently, it takes a tough and imaginative mind to make the decision. We cannot afford the loss of imagination.

Analysing annual accounts

by Peter V O'Brien

REPORTING awareness among company directors that annual reports are perused by several "publics" has led to the growth of new concepts in publishing corporate performance and activities.

The trend began a few years ago when Challenge Corporation presented a report in the style and format

of a news magazine, including "interviews" with the executives responsible for specific areas of the group's activities.

The next stage was the inclusion of special reports for the staff. Several of these efforts were grotesque, concentrating as they did on cartoons, comic strips, and lurid graphics. Some staff

reports even adopted the curious procedure of including information which was omitted from the main report to shareholders. One body of opinion would claim that if companies can "simplify" the annual report for the benefit of staff they could apply that talent to the formal report for the benefit of shareholders, many of whom lack detailed knowledge of company accounts and administration.

The report to staff has a potential danger in that, without care, it can be patronising to the workforce, and therefore fail in its object.

But there is a place for "special" reports. The United States company, Wheelabrator-Frye (abrasives and special machinery), publishes a report for "little people" directed at the children of staff, shareholders and other readers, who may wish to know about Daddy's interests or work. In that context there is a place for comic strips and the other imaginative products of the American public relations and advertising industries. Even then the production needs to be sophisticated because the little darlings are among the first to see through cant.

New Zealand companies are continuing their attempts to

liven reports. The Wellington based primary products dealer and tanner, Colyer Watson, has an interesting example in its first report as a listed company. Colyer Watson arranged for 21-year-old Wellington Polytechnic graduate, Vicki Wong, to photograph the company's activities, and to comment on what struck her eye and her camera. The result was an unusual assessment of industrial processes from the viewpoint of a person skilled in the intricacies of form and design.

Colyer Watson's approach was an extension of the 1977 Fletcher Holdings report, when the internationally regarded New Zealand photographer Brian Brake produced several top quality photographs, illustrating the company's activities and emphasising a sense of strength, size, and beauty in industrial processes.

The Auckland agricultural and horticultural supply group, Arthur Yates & Co Ltd, has gone further, and included a "from the Shareholders' Point of View" section in the 1979 annual report.

Seven shareholders were invited to lunch, after which there was a discussion about the company and its business.

The group could hardly be termed "ordinary" shareholders, as it included Jim Gemmell, ex UEB and past president of the Manufacturers' Federation; Karen Vautier, member of the Planning Council, Auckland research economist and former staffer at the Institute of Economic Research; Suzanne Picot, Auckland City Councillor, and, apart from being described as "housewife", a lady whose connections with the well known retail family and a background in journalism give her a good knowledge of business life; three other businessmen; and Richard Shison, an ornithologist and retired schoolmaster.

The discussion needed people of this background in order to be meaningful, but it is interesting to speculate on the after lunch conversation if seven names were taken at random from the shareholders' list.

Arthur Yates avoided a problem which occurs regularly when companies look for new ways of presenting the report (even to the extent of bordering on the "gimmick" approach).

Too many companies adopt a new style report without providing the information

which should be in every report in the interests of financial disclosure. Yates' contribution to the search for novelty was additional to a good report in other respects. The company explained fully what happened to working capital (inventories down \$871,000 or 10.3 per cent; debtors up \$630,000 or 22.4 per cent; creditors down \$950,000 - 30 per cent; a massive 69 per cent fall in overdraft from \$2 million to \$700,000; and a cut in the amount the company was holding on behalf of short term depositors).

The inclusion of details on sales, cost of sales, and other costs, added to a full textual statement of the group's business, and graphs showing the annual movements in important areas of financial data.

The only quibble is a failure to include the value of export tax incentives. Tax was up from \$49,000 to \$217,000 on pre-tax income of \$1,152,731 (\$1,098,455 in 1977). Yates does well from export incentives on its overseas business. A breakdown of those benefits would add to the report. Other companies find it possible to include this information, although the number is unfortunately small.

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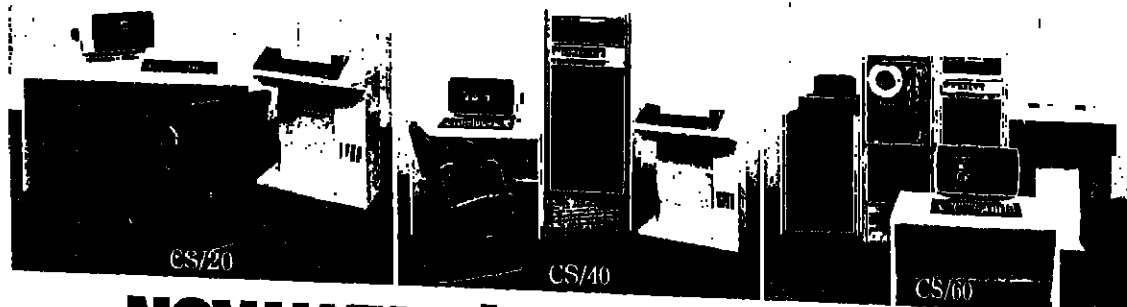
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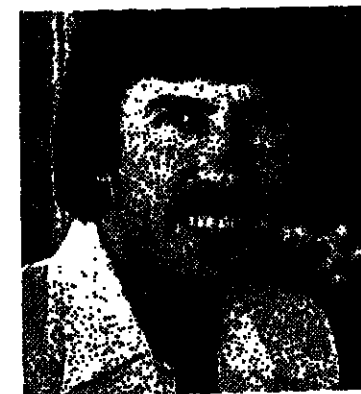
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Constitution ensures that whites retain power Muldoon lures public into tight money noose

by Colin James
THE Zimbabwesi constitution, under which the country voted last week, is a device to ensure power remains in white hands, the Commonwealth Secretariat in London says.

An analysis by the secretariat sent to NRR concludes that "virtually every lever of institutional power has been retained in white hands."

The analysis was made at the request of the Commonwealth committee on southern Africa, of which New Zealand is a member.

It says the people at large "are hequeathed a government bereft of the power to govern effectively and a legislature denuded of all means either to change the status quo or to advance the legitimate aspirations of the nation as a whole."

"It is a carefully woven, carefully contrived subterfuge for sustaining a wholly anti-democratic regime."

The analysis notes that black members in the lower

house will outnumber white members by 72 to 28. But it will take 78 votes to amend the 123 entrenched provisions of the 170-clause constitution, giving the white members (representing 3 per cent of the population), an effective veto.

The entrenched provisions cover all important aspects of power and administration including all key appointments. Such appointments will be made by a network of white-controlled commissions and boards, whose advice, the popularly-elected president will be constitutionally bound to take.

High court judges, who will need to have at least 10 years practising legal experience in Zimbabwe or South Africa, will be appointed on the recommendation of a judicial service commission, made up of the chief justice (now white), the chairman of the public service commission (inevitably white initially) and one other person recommended by the chief justice.

The judicial service

commission will also recommend the appointment of the attorney-general, who will control prosecutions independently and will be selected from those qualified to be high court judges who have also been in the attorney-general's department for 10 years.

The majority of the public service commission including the chairman, must have held certain designated senior posts in the public service for five years.

The judicial service commission will also recommend the appointment of the commissioner of police, who must have been an assistant commissioner for five years. He in turn advises the president on all appointments from inspector up.

The police service commission will be chaired by the public service commission chairman and at least half of its other members must be an assistant police commissioner or higher for five years.

Defence force commanders

will be appointed by a board comprising two service commanders and a permanent public service head from among officers who have been a colonel or group captain or higher for five years in the existing forces.

A defence forces service commission, chaired by the public service commission chairman, will be responsible for day-to-day defence administration. Two of the maximum of four other commission members must have been colonel or group captain or higher for five years and the other two will be chosen for their ability and experience in administration.

The ombudsman will be appointed on the judicial service commission's advice and the auditor-general will be appointed by the public service commission from among designated high public service officer-holders.

An upper house (Senate) legal committee will scrutinise legislation for possible contravention of the constitution's declaration of

rights. Its members must be either retired high court judges or Zimbabwean lawyers or magistrates of 10 years standing.

Since all senior incumbents under the existing white regime (themselves white) will continue in office when the new constitution comes into force, the whites will effectively control all significant judicial, public service, police, defence and parliamentary scrutiny posts.

And in any case appointment requirements will make it very difficult for blacks to qualify for some time.

"It would be decades rather than years before the vast majority could be said to have been afforded a real opportunity to participate in the decision making processes of government and in the public life of the country," the secretariat's analysis says.

Even popularly elected ministers will be effectively deprived of any real power over the police and defence forces by the powers reserved to the white-controlled commissions. Though ministers may give "general directions of policy" to commanders, neither they nor the president have the power to dismiss the commanders if they disobey.

The secretariat says continued entrenchment of white domination is ensured for the future because a commission provided in the constitution to review the composition of parliament at some time after 10 years would have a white majority: the chief justice (or his nominee) as chairman and two members elected by the white lower house members out of a total of five members.

"Even at so late a stage when the scene is set for abolition of the black and white election and for the elimination of separate black and white seats...the white minority would still hold the power."

It says the constitution also perpetuates privilege and domination in health, education and land reform will be extremely difficult to achieve.

"It is difficult to conceive any way in which progressive government could have been more onerous," the analysis says. "In matters of health, education and housing, the domination of the minority has been constitutionally secured."

"Nor is any attempt even to outlaw discrimination in places of public shops, hotels or entertainment," the secretariat says.

Some statutes are entrenched in the constitution and the validity of all laws is preserved. Decisions as to what is discriminatory in terms of the constitution fall to the white-dominated high court.

"Any program legislative or otherwise designed to redress the legacy of more than a century of sustained deprivation and most assuredly founded on very provisions which as expressed in terms of the prohibited discrimination by ones which are carefully circumscribed and rendered inapplicable where whites are the beneficiaries."

Economics Correspondent

PRIME Minister Muldoon promised a fortune away to voters in the election last year. But he has been craftily luring it all back through the use of monetary policy. If he is not careful, though, he may find himself plunged into another money noose.

In the election-year budget, Muldoon reduced income taxation and increased Government spending. As a result, the New Zealand Institute of Economic Research expects that the Government's budget deficit will be the largest ever in absolute terms at \$1545 million.

The large fiscal injection from last year's budget was not only intended to influence voters to re-elect Muldoon last year. It was also intended to stimulate business activity which has been generally depressed since Muldoon

screwed the economy down with his 1976 Budget. As the Government continues to spend-it-up, the money supply also has been increasing at a fast clip. The annual growth in private sector credit is currently over 20 per cent. Normally, easy fiscal and monetary conditions might lead to increased business investment. But any

impetus from these measures has been largely nullified by general business pessimism. Since firms have not made significant drawings on the money supply for investment purposes, credit has been freely available to members of the consuming public. With extra cash to spend, but with little increase in national product to buy, the public has four choices of what to do with its increased cash holdings.

First, the public could buy up existing stocks held by manufacturers and retailers. But they won't be able to do this for long because manufacturers, burned in 1977 when the economic downturn forced them to accumulate costly stocks, have lately preferred to run stocks below normal levels.

Secondly, the public can

spend its cash competing with other members of the public for existing national output. This is the classical case for inflation with too much money chasing too few goods. And if prices of locally produced goods go too high, the public will find the third option of buying imports from overseas even more attractive than usual. But this would result in an increase in the balance of payments current account deficit.

Obviously not happy with the potential effects of any of the above three options, Muldoon is seducing the public into taking a fourth option — to save. Muldoon has been taking back from the economy what he has been giving away as fast as possible by selling government stock and offering cash loans with attractive terms, not to mention high interest rates.

The most attractive terms ever were offered to the public in April. The public could subscribe to New Zealand Government Cash Loan (No 2) 1979 which features a top rate of 13 per cent for a 5 year term. The loan also offers maturities of one year at 11 per cent per annum, three years at 12 per cent per annum and 10 years at 10 per cent per annum. Opened for public subscription on Monday, April 23, the loan will close on Friday, May 11. There are fears that the popularity of the loan will draw even more cash than the Government wants and may close early.

Subscriptions to the loan may be as low as \$100, which makes the loan accessible to most. And for those who cannot find the money to invest in the cash loan by May 15, the Government is offering

another savings stock similar to the 1978 stock issue which collected \$394 million for the Government (see P V O'Brien NBR, April 24). Unlike subscriptions to the cash loan which are for a set period, the savings stock can be redeemed by the holder at any time after July 13 subject to one month's notice.

It is expected that the cash loan will be highly successful in attracting money from the public and will add \$200 to \$250 million to the Government's borrowing. The savings loan is expected to collect between \$100 and \$150 million.

For those still with cash to spare, the Government is also offering local authority loans at even higher interest rates. The rate for a one year term has been lifted from 9.5 per cent to 11.5 per cent and the rate for 6 year terms is up from 10.5 to 13.5 per cent.

Terms of 10 years and more will pay a rate of 11.25 per cent compared with the present 10.5 per cent. Local authority interest rates were increased

consistent with the Government's intention to maintain competitive margins for local authority stock compared with the rates offered for central Government loans.

The extent of the increase in Government interest rates announced over the quiet Easter period came as a surprise. One immediate effect was a drop in sharemarket trading activity and announcement of higher interest rates announced by those finance companies competing with the Government for the public's savings.

Now the level of all interest rates may rise. Economic theory suggests that as interest rates rise, there will be a desire on the part of the community to accumulate additional interest-bearing financial assets, to hold less money which is not earning interest and to spend less on goods and services.

Given the current economic situation, the Government probably expects to be able to

offset the inflationary stimulus of its election year budget and to attract consumers away from the temptation of spending on imports.

But another outcome of a rise in interest rates is that new investment will be delayed because the cost of obtaining finance is pushed above the anticipated profit level (the rate of return) of an investment project. This may be the last straw for firms struggling in an unfavourable economic climate during the last few years.

These firms need assurance from the Government that its latest moves are part of an overall economic strategy. For example, the Government could channel some of its funds through the Development Finance Corporation at low interest rates. These assurances have not been forthcoming.

More importantly, Government moves may slow down overall economic activity so much that delays in new investment may be the

least of most businessmen's worries.

The Government has made it clear that it intends to reduce its deficit before borrowing over the next year. This means that if anything, its 1979 Budget is likely to be contractionary.

So, in a few months time the Government will be withdrawing money from the community, instead of injecting it as at present. At the same time, the lagged effects of its present changes to the money supply will filter through tightening up private sector credit. The balance of payments deficit which also has a major effect on the monetary base is likely to increase accentuating the tighter fiscal and credit conditions.

It would take more than a stiff upper lip to maintain business confidence under those conditions. What looks like a good way to avoid inflation now may be the noose that strangles economic activity later.

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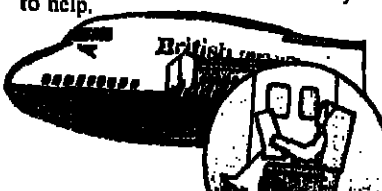
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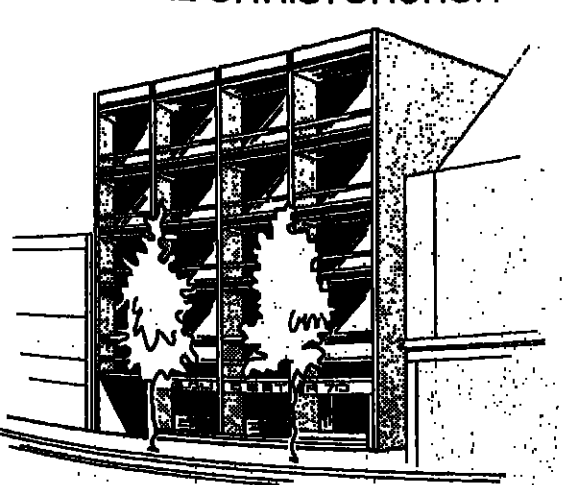
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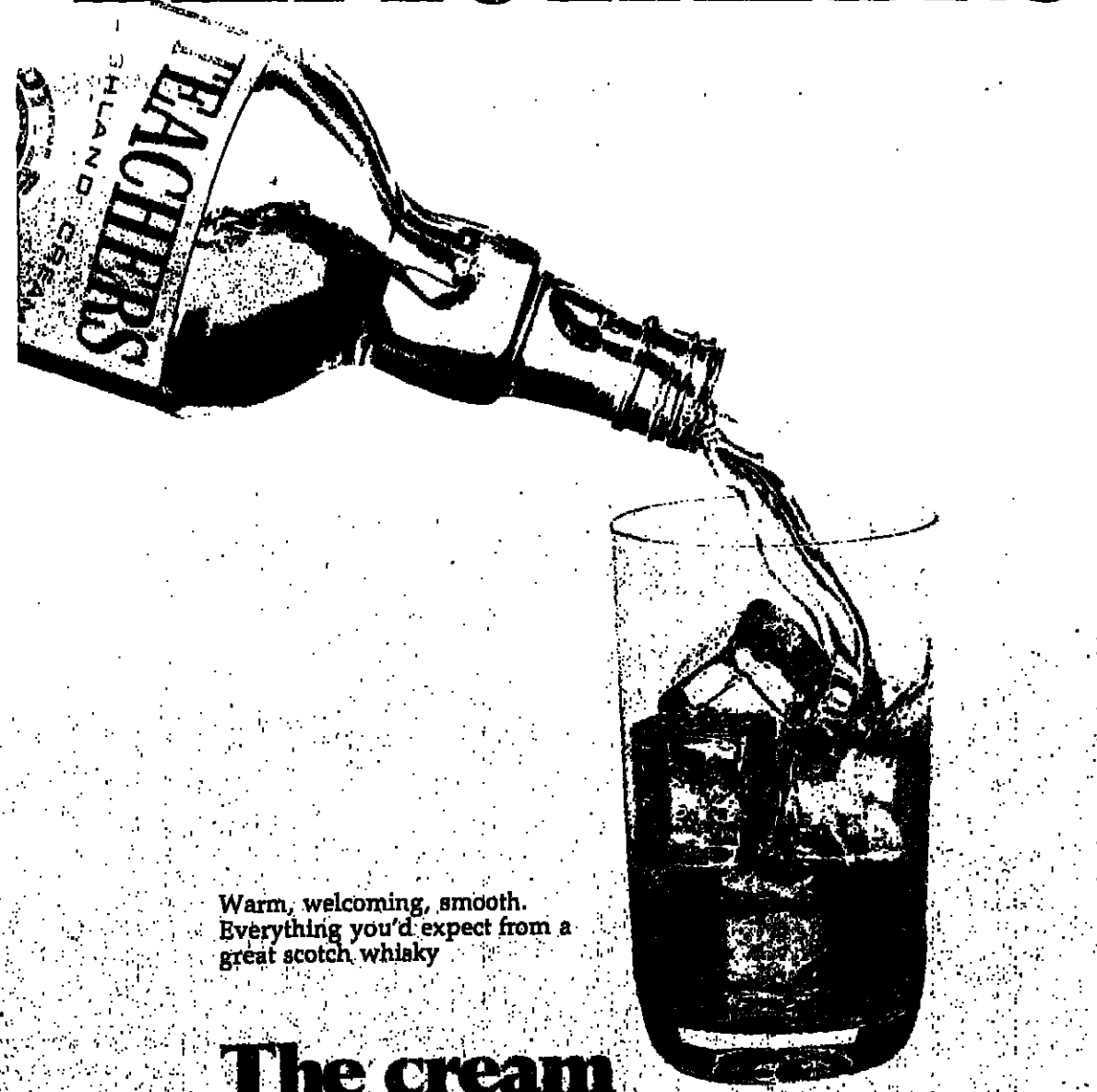


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INCREASING expression is being given to the idea that if Air New Zealand can't mix it with the big boys, it should get out of the international airline business.

Among the latest groups to demand that Air New Zealand compete or quit is the New Zealand Chambers of Commerce.

Previously, the view had been stated in these terms: "The Government is going to

have to look very hard at the future of Air New Zealand. I think we are moving to the stage where we must ask ourselves whether we can afford to maintain an international airline generating services to Europe in the face of competition which is likely to get even tougher."

That question was tackled by Air New Zealand's general manager of corporate services, Charles Beresford, at a media forum the other day.

Beresford's paper did not go into the question of Air New Zealand's efficiency compared with that of other airlines — Qantas, British Airways, Pan American or Continental, for example, nor did it set out to claim for Air New Zealand some divine right to a share of the patronage on its routes.

But Beresford did illustrate that there is more to the argument than merely whether Air New Zealand can remain airborne by charging competitive fares in the face of a growing challenge from the recently free-enterprising Americans.

His arguments (with some editing) are published here...



CHARLES BERESFORD... avoid overseas dependence.

Air New Zealand must mix with the big boys: we cannot afford not to

CAN New Zealand afford to operate its own international airline? The answer is best demonstrated by identifying the penalties to the nation if Air New Zealand were to cease international operations and let foreign airlines have a full rein.

Let us examine the company in proper perspective, its contribution to the nation in terms of foreign earnings and tourism, the specialist skills it now contributes and the job opportunities it offers.

Let us look at it almost as we would look at a balance sheet, off-setting assets against liabilities, and let us then consider the importance of the national independence which the airline gives.

Since the international arm of Air New Zealand came into being as TEAL in 1939, and began operations in 1940, profits have been achieved in all but four years. (See Chart I)

Total cumulative net profit to March 31, 1978, was \$43,392 million. We estimate that the revenue achieved from

international operations in the year which ended March 31, 1979, will be \$284,982 million. Add to the international revenue figure the sum earned from domestic operations — \$112,277, — and you have a better idea of the size of the new company. By New Zealand trading standards, that kind of revenue cannot be lightly dismissed.

Of greater importance for New Zealand, in view of our continuing balance of payments deficit, is the established ability of this New Zealand-owned enterprise to earn foreign exchange from

the international operation. Put these figures alongside those which represent our total assets and total shareholders' funds, and you have an even better idea of our net worth. Air New Zealand's total fleet today consists of eight DC10s, three DC8s, nine Boeing 737s, and 16 Fokker Friendships. The staff total is 8700.

In the year ending March 31, Air New Zealand spent \$115 million on salaries and wages in New Zealand and many millions for local purchases (for example \$3 million on food alone). This expenditure, circulating in our society,

CHART I
Cumulative Operating Results — International Branch (NZ\$ '000)

	Net Profit	Dividend Paid
1915	219	81
1920	114	120
1925	622	120
1930	1,103	512
1935	2,080	1,020
1940	7,226	2,601
1945	20,672	7,701
1950	43,392	15,261

must have a substantial effect on the nation's economy.

In looking for ways to increase receipts and balance the books, tourism might be the fastest and most efficient course to follow.

Last year, world tourism earned \$50 billion and there is hardly a better way of earning export revenue than to invite people to visit our shores. In terms of money, Switzerland and Spain earn more from tourism than from any other industry. Britain last year earned no less than 2200 million pounds from tourism alone. (See Chart IV)

Tourism in New Zealand is still a long way behind export industries such as meat, but it is one of the fastest-growing and is helping to make the South Pacific the world's fastest-growing vacation area.

The earnings and savings of overseas currency by Air New Zealand in the year ending March 1978 were some \$103 million. About 60 per cent of Air New Zealand's revenue is earned in overseas markets. (See Chart II)

Comparing this figure with the \$161 million as total overseas funds earnings by the entire New Zealand tourist industry (excluding Air New Zealand) shows that the airline alone is worth about 40 per cent of the overseas funds earning power of the entire

CHART II
Air New Zealand's Worth at March 31, 1978
Includes International and domestic

Total Assets	\$288 million
Paid Up Capital	\$51 million
Total Shareholders' Funds	\$58 million

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CHART III
Net Earnings and Surplus of Overseas Funds — International Branch

	Net Earnings and Surplus
1966	\$112,277
1967	\$112,277
1968	\$112,277
1969	\$112,277
1970	\$112,277
1971	\$112,277
1972	\$112,277
1973	\$112,277
1974	\$112,277
1975	\$112,277
1976	\$112,277
1977	\$112,277
1978	\$112,277
1979 (Est)	\$112,277
Total	\$112,277

tourist plant of this country. (See Chart III)

These figures are approximate, but they indicate the earning ability of Air New Zealand.

The question arises, course, how much of the \$112,277 million would have been earned if it had not been for the promotional effort of the

New Zealand office in the globe, which is dedicated to promoting New Zealand and its products.

In future years, contribution is likely to increase. IATA annual forecasts indicate that transport will remain a major industry, and through 1983, passenger traffic is expected to grow at an annual rate of 3 per cent. Freight traffic forecasts indicate the IATA-scheduled and scheduled carriers produce an annual average per cent forecast of 10.6 per cent for the same period.

Our own conservative forecasts of passenger traffic into and out of New Zealand for the next decade show a 10 per cent growth each year.

By the turn of the century, only 20 years away, passenger traffic to and from New Zealand is expected to be nearly five times as travelling today. (See Chart V)

The importance of New Zealand's having its own national flag carrier to the substantial overseas earnings which will result from such movement is self-evident.

The technical and commercial skills we are developing to service this commitment,

we are contributing to promote the movement of visitors and the employment opportunities which are now and will continue to be created are all part of the balance sheet we set out to examine.

Another question needs examining — our national independence. To have our own international airline is to have a link with the outside world owned and guided by this country's needs, not dependent on the priorities and needs of other nations — their economic, political or social stability, their whims or seasonal traffic loads.

In pre-1965 days, when every New Zealand world traveller had to trans-ship at Nadi or Sydney, we were dependent on leaving these islands on the seat availability of foreign-owned airlines.

During the 1956 Melbourne Olympic Games, New Zealand was isolated for weeks. The airlines had other priorities. Whenever there was a transportation strike in Australia, New Zealand was isolated.

New air policies by other governments based entirely on ruthless self-interest add further emphasis to the need for New Zealand to be independent in this important area of international air transport.

A reader recently wrote in a letter to the editor of The Listener: "Who cares if the proud sign of the koru is never

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seen again in Los Angeles, Singapore or Hong Kong — let the giant airlines serve our long-haul needs". He presented two basic fallacies. First, he assumed that we were wealthy enough to purchase the services of foreign airlines whenever we felt like leaving these islands — and anyone who is aware of our foreign exchange position knows how desperately short we are. Second, the belief that foreign airlines would generate tourist traffic to New Zealand on any scale is a fallacy best illustrated by the current Australian fares policy.

When Air New Zealand opened its office in Frankfurt 10 years ago, we were the 77th airline office in that city. Does anyone believe that any of the other 76 would busy

themselves selling this country?

The figures show that our North American traffic really took off after we had penetrated that market ourselves, that is Air New Zealand and the other New Zealand tourist interests. The same will apply in Europe, Japan and elsewhere.

Apart from sales and marketing functions for the airline itself and this country's tourist industry, every Air New Zealand office is regarded as a New Zealand base, geared to help New Zealanders visiting that city, or to assist exporters, importers or whatever other New Zealand interest is at stake. Our offices answer questions on any subject relating to New Zealand and perform a valuable public

relations service for the nation.

The very reason why New Zealand bought all the shares in TEAL, now Air New Zealand, was to prevent the development of a situation in the aviation field, with which this country was already faced in the shipping field, namely total dependence on overseas interests. When six bowler-hatted gentlemen in London decided that the cost of freights from New Zealand to Britain would rise by 10 per cent, then every New Zealand farmer lost de facto that 10 per cent overnight and there was nothing at that stage that could be done about it.

In view of the foregoing, the question in future should be: How can New Zealand afford not to have its own international flag carrier?

CHART IV
New Zealand Tourism Earnings
(Excluding Air New Zealand's earnings and savings in overseas funds)

	Earnings and Savings
1973	\$15 million
1974	\$25 million
1975	\$30 million
1976	\$25 million
1977	\$25.5 million
1978	\$130.1 million
1979	\$161.8 million

(includes hotels-coaches-tours etc., currently (January 1979) growing again at 15 per cent)

CHART V
Intra-New Zealand Passenger Traffic Forecast

	Passenger Traffic
1976-77	1.35 million
1980	1.51 million
1990	3.38 million
2000	7.32 million

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Rip, tear, bust mentality

I READ Mr Berryman's comments regarding import licensing with interest and appreciation. I am particularly impressed with his suggestion of a 10-year period in which to lower tariffs, subsequent to the removal of import licensing and its replacement with a tariff structure to ease the change-over from licensing to tariff protection. The three-year changes of government will always be an inhibiting factor for progress in New Zealand, particularly as we have no second chamber. The presence of a second chamber would enable much of the hurried and poorly-constructed legislation at present passed into law, to be subjected to further consideration, and would thus put the brakes on the rip, tear and bust mentality that so often seems to prevail in Parliament.

My company specialises in importing electrical insulations and materials for use in industrial applications. We import them because they are not manufactured in New Zealand. But we still have to apply for import licences for these materials — we have only a tiny amount of basic licence — and on a recent shipment were also advised that duty must be paid. We had earlier applied for and received remission of duty; but because a New Zealand company had suggested that it would like to make this particular product, duty was reimposed. It has since been lifted, as a result of our own representations.

Last year, we applied for a few hundred dollars' worth of import licence for these same goods, but were turned down. One day, I received an inquiry from a person unknown to me for supply of an electrical material we cannot handle as we have no licence, or "history" to enable us to apply for licence. After telling him that we could not help, he rang back later to say he had managed to get over \$2000 worth of licence through a relative of his in a Wellington Ministry.

Eventually, after some six months, and the assistance of my local MP, we were granted the few hundred dollars' worth of licence we had sought originally.

One of our customers for this particular material, a local manufacturer, was using it in export goods, and had obtained the approval of the electrical authority for use of this material. Our inability to supply him, due to lack of import licence, caused him problems.

The removal of import licensing would not be without

its difficulties for importers, especially small companies like our own. We have not the financial backing to immediately place large orders with our overseas suppliers that our larger competitors have. But I would be prepared to see us take our chances against competitors. We have managed to establish a market for ourselves, in spite of competition, and I am confident that we would continue to progress, on our ability to provide service.

The time-consuming work required to prepare an import licence application; the cost of photo-copying orders and price lists to support that application; the delay in receiving the licence — or refusal; without these extra — unproductive — costs, we would be able to improve our efficiency, and get prices down.

The doubts about who sees our application, with its attached highly confidential information, would be behind us. You mention the wining and dining, and travelling to Wellington, that is the commitment of the present import licensing situation. It always worries me to commit private and confidential information concerning our customers, and our overseas suppliers, to a nameless government department. The potential for danger exists that someone in his eyes will be slip some information concerning our own company, to a competitor. I have no proof that this has ever happened. But the danger is there.

The recent comments that we cannot have wine-shops selling New Zealand wine by the glass because of our adherence to GATT is a further example of blinched reasoning. GATT does not sanction restrictive trade practices such as import licensing either. So why don't we try to make progress, instead of looking for fresh sites for new fences.

As a footnote, I enclose a copy of the circular we had to send our customers, as a result of the imposition of import duty, mentioned earlier. We work from a published price list for most products. We have just completed making out all the credit notes, as a result of our application for remission, and refund of duty. The loss of use of that capital (duty) for

several months, plus the cost of re-ricing, printing the enclosed, re-ricing again, and making out credit notes has to be borne by us. And it is all 100 per cent non-productive.

I hope NBR, through your contributors, will continue to argue against the frustrations and incompetence of interference by central Government in the private and business lives of ordinary New Zealanders.

Alan A Horley,
Alan Horley Ltd, Auckland.



"Some of us do work"

I REFER to Warren Berryman's article in your issue of April 4.

He follows the recent fashion of the pundits, sounding off, not infrequently, in your magazine, in assuming that New Zealand manufacturers are over-protected. This state of affairs, he says, guarantees high profit levels, and consumers have to buy our goods at three times the world price.

These generally ill-informed and extravagant statements, noteworthy for their complete lack of substantiation, make their reading offensive enough. However, particularly insulting are his implied accusations that we manufacturers work one shift (which makes us so uneconomic), take half day 'lunch hours', and golf on Tuesdays.

As manager of a company working three shifts, exporting 35 per cent of its production, whose consumer prices in New Zealand are often less than half those for a similar product overseas, I would suggest that Mr Berryman takes the trouble to acquaint himself with the many other similar efforts throughout the manufacturing sector, but this might be asking too much.

I wrote this protest, not only for my own company's management, but also for other manufacturers who feel as I do — resentment and anger — engendered by this article.

The unkindest cut — we have apparently not earned the right to sell on the weekends, after a not infrequent working week of 60-65 hours.

To one of our efficient manufacturers, this article shows a pressing need for a review of your paper's quality control.

D A Bowron,
G L Bowron & Co Ltd.

Licensing

WARREN Berryman's projections of a 400 per cent rise in unemployment by 1980 (NBR, April 4, 1979) are made with the assumption that import licensing will continue. Would he care to project the rate of increase if import licensing is removed?

The management and staff of this company work hard all week, lunch for half an hour and some play golf on Sundays. The only yachts they see are on the television screen. They operate three textile manufacturing plants efficiently which run 24 hours per day for an average of six days per week. We are not a highly profitable company because of intense competition from several other local manufacturers for the domestic market. We cannot export a great deal because of low labour cost competition from Asian textile manufacturers.

Mr Berryman wants us to "improve our efficiency" by facing open, uncontrolled competition from imports. This proposal would close this business down within six months. Perhaps Mr Berryman could write another article next month and advise our staff of 120 where they would then find alternative employment in Levin?

N C Aldridge,
Levin Dye-Works.

Labour Party competence

IT COMES as no surprise to those who have experienced the mysterious workings of the New Zealand Labour Party head office to read that the party has difficulty in running an incorporated society (NBR April 4, 1979).

Some of us have doubts that, under the present hierarchy, with the lack of a coherent political philosophy, that the NZLP will ever be able to function effectively as a national political force, let alone as the government of New Zealand.

The economy of New Zealand is not the only thing that urgently needs restructuring. If the Labour Party can reformed then it will be destined to continue to be the occasional three-year government whenever the electorate have tired of the National Party.

Robert Morse
Wellington

Speculation and rumour

SOME three weeks ago, a letter appeared in your publication signed under the name of the former Beck Campaign, commenting on speculation in your publication about who would handle future National Party advertising.

We disagreed with the content of the article believing it to be based almost entirely on speculation and rumour. However in setting out to correct some of the facts the article contained, we ourselves were seemingly guilty of the same sin!

Certainly it was never our intention to imply that we had

anything but the highest regard for Dobbs Wiggins McCann Erickson as a successful and highly professional competitor in the agency field.

Also on reading the letter, it is clear that we may have implied that Dobbs Wiggins McCann Erickson are 100 per cent American owned. This of course is not the case and majority ownership of Dobbs Wiggins McCann rests with New Zealanders, so of course do the profits. While this fact is known to most agency people we realise our letter did not make this point clear to your non agency readers.

This letter therefore is to apologise to McCann and to set the record straight.

Terry Christie
Former Beck Campaign

Fast food

I READ with some interest your NBR February 28 article on fast food in New Zealand. It appears, sadly, that the same sort of difficulties that befell the Australian fast food operators are occurring in New Zealand.

The big three in New Zealand are all American companies.

There are a few New Zealand companies having a go, but their success to date is questionable.

I wonder why the few New Zealand companies who did decide to have a go did not

franchise. Certainly, my company has found the economic climate in New Zealand an excellent one for franchising — particularly when one considers that New Zealand's marginal tax rates are among the highest in the world.

Our experience indicates that where tax rates are high, franchising prospers because of the tax savings benefits of being self-employed.

Our company has been in business in Australia for 10 years. We specialise in developing franchise programmes and selling franchises.

We are soon to commence operations in New Zealand because we see a bright future for franchising in that country. The New Zealand companies that do franchise could well be surprised at the enthusiasm and hard work of their franchisees.

It is highly likely that the profitability of outlets under company management will increase if these outlets are franchised.

Franchising, basically, has a good reputation in New Zealand.

We believe that more New Zealand companies will begin to use the marketing technique of franchising over the next decade.

Howard Bellin
International Franchising Pty
Melbourne

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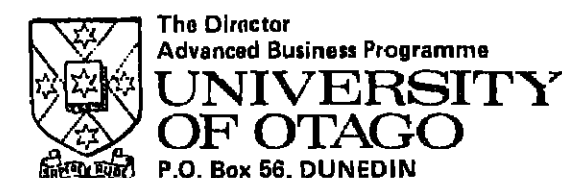
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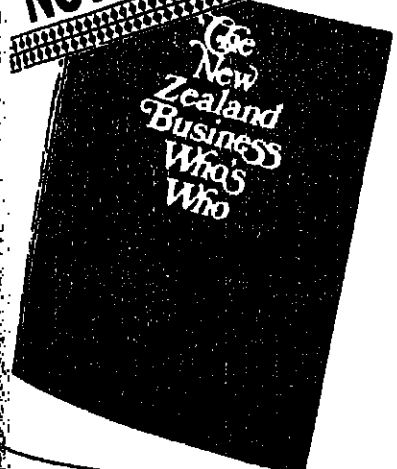
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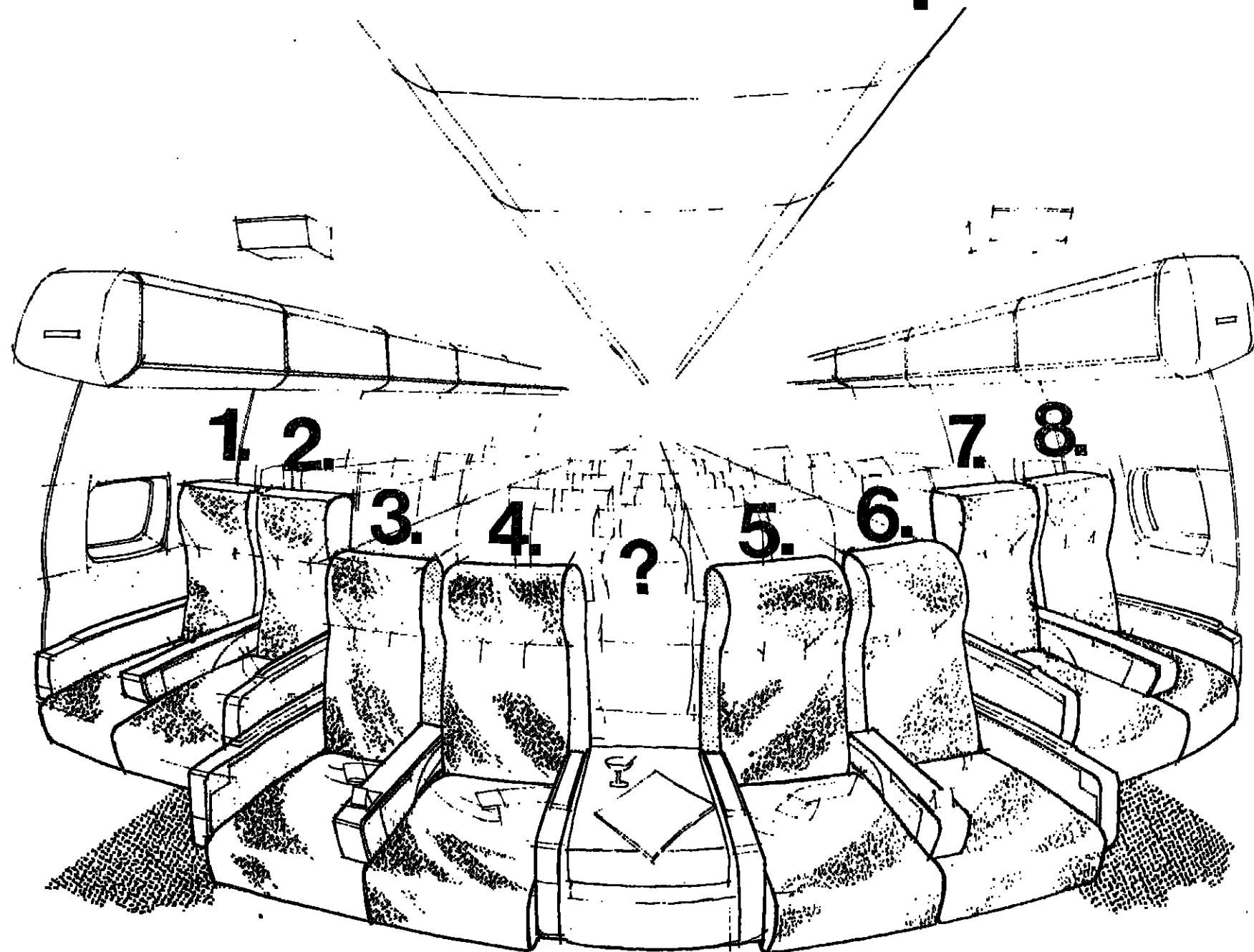
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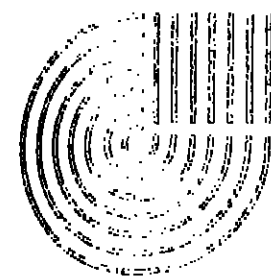
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Inside:

• Expert advice on choosing a reader or reader printer:

• Training for COM

• What to look for in a COM Service Bureau

At last - dual micro cartridges makes N.Z.

MICROFILE recently imported the first consignment of these Tuscan dual micro cartridges. The new

"SnapLOCK's" fit both 3M and Kodak Microfilm reader-printers, and cost no more than conventional cartridges.

Microfile to reveal new range at Topic '79

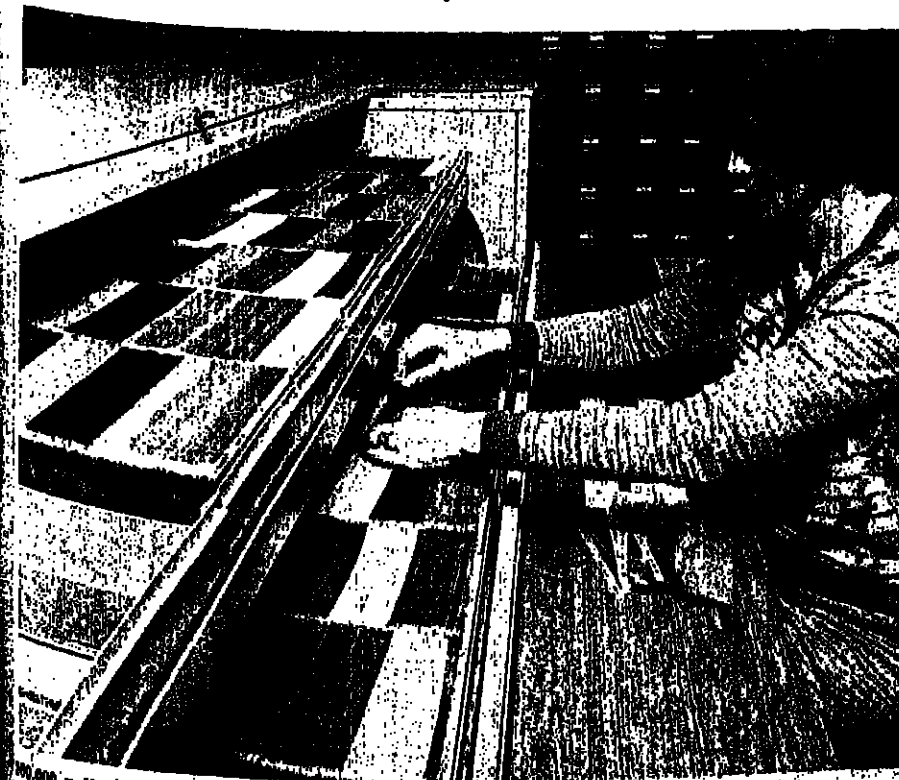
MICROFILE'S complete new range of Micron readers and reader printers will go on display for the first time when TOPIC '79 opens in Auckland. Microfile have taken a stand at the exhibition to introduce its latest wares, and to launch the newly-imported Tuscan dual micro cartridge.

The stand will feature filing systems and a 15 minute slide presentation.

STOP PRESS

MICRON will use next month's National Micrographics Association Conference in Atlanta Georgia to launch its new dry silver reader-printer. Microfile is already considering the new product in terms of the New Zealand market.

(Advertisement)



micro policy files on film.



Choosing a Reader or a Reader-Printer

By Charles H. Robertshaw,
Micrographics expert

THOSE responsible for selecting readers and reader-printers often think they can choose from a large variety of devices that may satisfy their requirements. But as you may already know, there are only two readers that are capable of meeting that objective. One is the reader that the vendor claims is the universal model — the ultimate in the latest equipment and the other is the reader that we are looking for.

In relating that thought to microfilm equipment choices, I believe that the best reader for you is the one that you determine best meets your needs.

Determining your needs simply means analysing your proposed or present microfilm system as to:

1. The type of microfilm input — aperture cards, reel or microfiche;
2. The reduction used for the film image; and
3. The image size desired for display on the screen or as paper print, that is, full or three quarter size magnification.

Since microfilm readers and printers are available in several sizes, with various magnifications and screen dimensions, selection of the right reader can be accomplished by using the charts.

shown in Figures 1 through 4. Figure 1 serves as a guide when the input microfilm is either an aperture card or a 24X microfiche. Either microform can be used in any of the readers shown. For aperture cards containing large documents that are filmed at 16X, 24X and 30X it will be necessary to scan the microform. For 24X reduced fiche, two pages can be displayed in either full or reduced size depending upon the lens magnification and screen size.

Figure 2 provides guidance when the input microfilm is a 48X reduction. A reader with an 8 1/2" x 11" high screen and a 48X magnification is the correct choice. If the microfiche is generated in a single page format, if the array is made up of computer print out size, the 11X14 inch screen reader will show a three quarter size image of the standard size computer printout. Since the character height on computer printouts is normally 0.1 inch, the three quarter blow-back is sufficient to assure legibility.

Magnifications and paper print sizes associated with reader-printers are shown in Figures 3 and 4. The National Micrographics Association microfiche format Type 1

provides for 96 images of 8 1/2" x 11" documents reduced 24 times. If the same size document is reduced 48 times, the microfiche can contain up to 420 images as shown on the Type 6 format. On Figure 3, the reduction and magnification are the same, so that the microfilm image is enlarged to full size on page size paper.

Figure 4 covers NMA Types 3 and 7 formats for 11X14 inch computer output pages. At 24X reductions, the fiche may contain up to 63 images, while 270 images can be recorded at 48X reduction. In order to reproduce these images on 8 1/2" x 11" paper, the magnifications of 18X and 36X respectively, are used. The reproduced images, however, will be only 75 per cent of full size. A note of caution here, the 18X magnification is only suggested if the character front is all of upper case letter size. Lower case character size will be slightly below the character height recommended to assure legibility.

Once your basic requirements have been established, you should consider the user environment. For example, a portable unit is appropriate for quick reference to microfiche outside the office location, whereas a desk top model is suitable for office viewing of reels, aperture cards or microfiche. On the other hand,

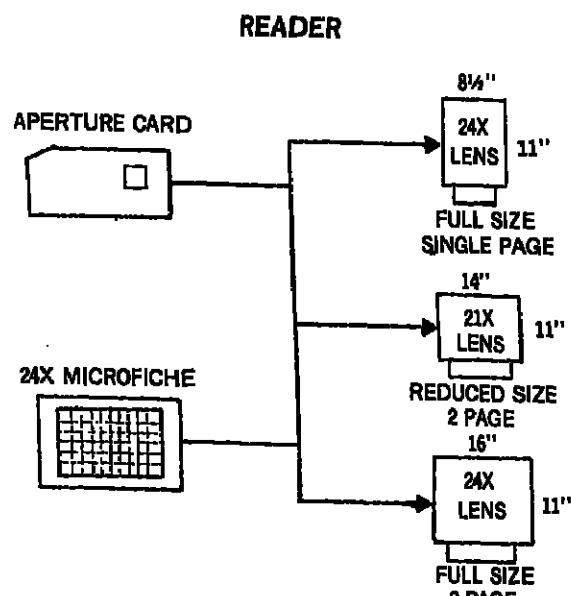


Figure 1. Selecting a reader when the input microform is either an aperture card or a 24X microfiche.

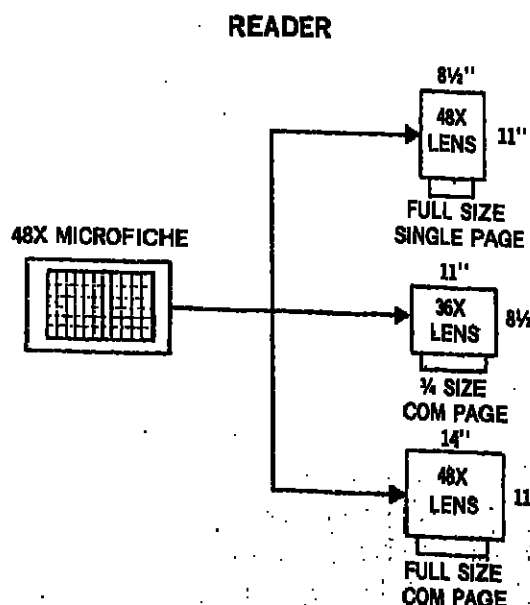


Figure 2. Selecting a reader when the input microfiche is a 48X reduction.

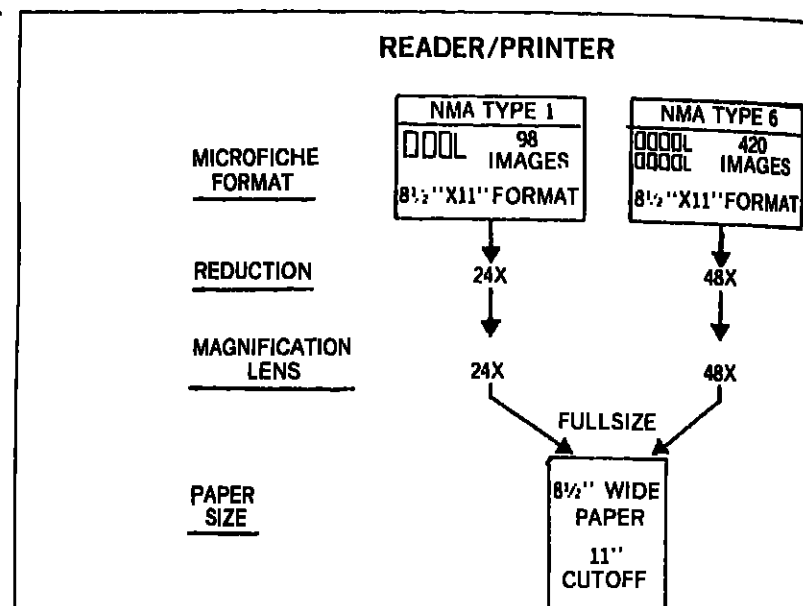


Figure 3. The reduction and magnification on this reader-printer are the same, so the microfilm image is enlarged to full size on page size paper.

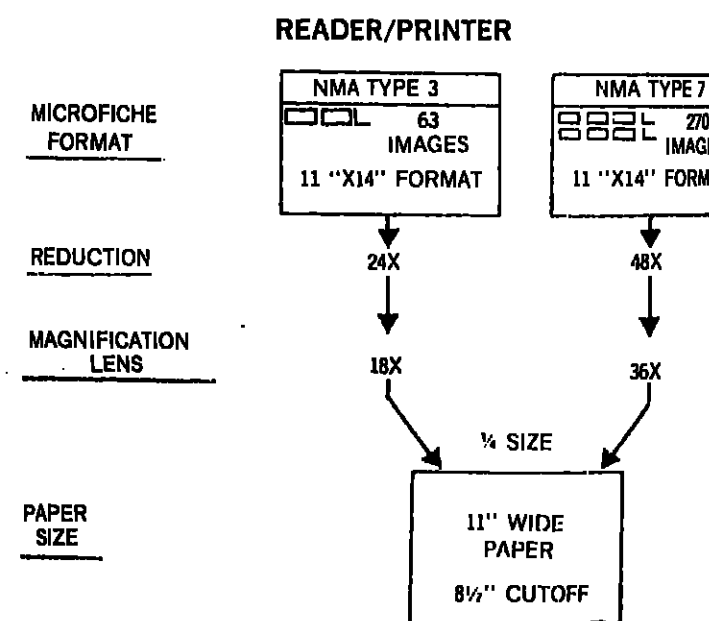


Figure 4. NMA Types 3 and 7 formats for 11" x 14" computer output pages.

a large console type will be required in a file reference area where a combination of microforms is used.

Next, in order to assure yourself of the requisite quality of a reader or printer, it is necessary to establish certain acceptance criteria against which to test the performance of the device. Keep in mind that the most important function of the unit is to display a legible high quality image which in turn will encourage rather than discourage microfilm use.

Now let us examine some of these characteristics and related test procedures available for evaluating a reader:

ILLUMINATION. Screen illumination should be uniform, free of bright areas and should provide satisfactory contrast with the projected image.

MAGNIFICATION. Precise projection of the film image through the optical path to the reader screen is accomplished by the use of the proper lens with the correct magnification. Various methods are available for measuring the magnification on a reader screen, the most common is employing a chart that contains known linear dimensions. A microfilm image of the chart is projected on the reader screen after which a scale is used to measure and determine the

magnification. Based on our own experience, we have established that the smallest displayed character height should be no less than 1-16 of an inch. In order to meet this requirement, we have concluded that for a 24X reduced image the minimum magnification should be a nominal 20X. An exception to this rule is allowed where COM characters are all printed in upper case letters. In this case we permit 18X. At a 42X reduction, we suggest a magnification minimum of 31X, and at 48X reduction, the minimum magnification should be 36X.

RESOLUTION. A term used to describe the ability of the microform process to record the fine detail of the information on film. The measuring objective is to view a microimage of the chart under a microscope and determine the smallest pattern in which the lines can be distinguished in both the horizontal and vertical directions.

For checking reader screen resolution, the same procedure is followed except that the test chart is viewed on the reader screen. The patterns are inspected for line separation with the aid of an eyepiece (5X magnification) or a magnifying glass. We have established a requirement of a minimum 2.8 lines per millimetre for screen

resolution. In order to meet this requirement, the 2.8 pattern at 24X reduction has a resolution of 24X magnification. On a 48X test chart, the 2.8 pattern at 36X magnification and the 2.8 pattern at 48X are resolved.

LENS FIELD. Should be such that the viewing area will be completely filled without any distortion. For example, when defects are present, a straight line will be projected on the screen as a distorted line. The amount of distortion present increases with higher magnification.

SCREEN. The screen should be scratch free and treated to reduce reflection from ambient illumination. The reader is used for a variety of applications, the screen should accommodate the largest image, except when scanning is acceptable.

FOCUS CONTROL. After the projected image is focused on the screen, it should remain in focus when the image is scanned from frame to frame on a microfiche. The most common procedure for checking the focus mechanism is to locate the AI frame on the microfiche, focus it and move the fiche diagonally to the opposite corner. The image is then moved in the vertical and horizontal directions. If the image does not remain in focus, the reader should be considered acceptable. (Advertisement)

Training to be COM a good user

COMPUTER output microfilm (COM) is rapidly assuming a bigger role as a means to provide data to end users.

Unfortunately, many new COM systems are designed and implemented with little notice given to the key area of user training.

SYSTEMS ANALYSIS

Training users on the proper use of COM doesn't begin and end with the arrival of equipment. It is a long-range process that commences with the initial efforts of the project leader to determine the need for a COM system and to justify costs.

The individual assigned responsibility for identifying applications to be converted to COM — whether an internal systems or operations analyst or an outside consultant retained to conduct a feasibility study — has the opportunity to pinpoint specific problems that need to be considered in the training program.

- How is the report used?
- Do the clerks respond to customers on the phone?
- Do they write on the report?
- How much is stored at the desk and how much is stored in the store rooms?

Assuming that COM is selected and work has begun to convert applications prior to the installation of equipment, it is now the time to begin educating users about COM. This does not have to be an in-depth education as much as a general awareness of what COM is.

Frequently, this can be done with literature. A number of vendors, the National Micrographics Association and various trade publications offer booklets, articles and reprints designed as an introduction to COM.

The formal phase of the training program should be timed to coincide with the implementation of the application.

This phase must be conducted in a formal way — not with a few words at a clerk's desk. Limited groups to those involved in using the same applications and, if necessary, split personnel into smaller sessions of no more than ten persons.

The basic outline of this training session should include: Why the company is installing COM.

Don't be afraid to identify the potential dollar savings that will be enjoyed.

It is important to assure new users that their COM system is beneficial and easy to use, not a ploy to make their lives more complicated.

Describe the COM system. COM is more than microfiche delivered to a user department in a neat little envelope. Give users a brief overview of the COM production process from the generation of the data on the computer through the delivery of the fiche to their departments.

If COM is being produced by an outside service, explain how the service works.

INDEXING. Once users have been informed of the COM process and the operation of their COM system, the next logical step is to make users familiar with the microfiche.

particularly the indexing.

First, describe the areas that are visible to the naked eye. These include the master title, the run or system date, and the fiche sequence number. Other items might be the fiche break field, the column indexing or the column break fields.

Now, illustrate the case of finding information by selecting a fiche and column in which required information resides.

USE OF READER

A microfiche reader is a simple design—some mirror a light bulb, a lens and a fiche holder. Go through every point of the device with them.

Every new reader is accompanied by a brochure on its use. Users should get a copy and read it.

Finally, instructions on the use of the viewer should be concluded by giving users an opportunity to actually retrieve data — based on what they have learned about the fiche and the viewer.

While formal instruction is essential, it is only after users start working with COM on the job that they can become fully familiar with COM and how to use microfiche most effectively.

COM can be an efficient output medium not only to reduce paper waste and storage space, but also to speed up user efficiency. With proper training, COM can overcome microfilm's stodgy image of just being an archival device. Instead, more and more data processors will be able to capitalise on COM's most significant role — as an active, retrieval information system.

(Advertisement)

NEW MICRON READERS

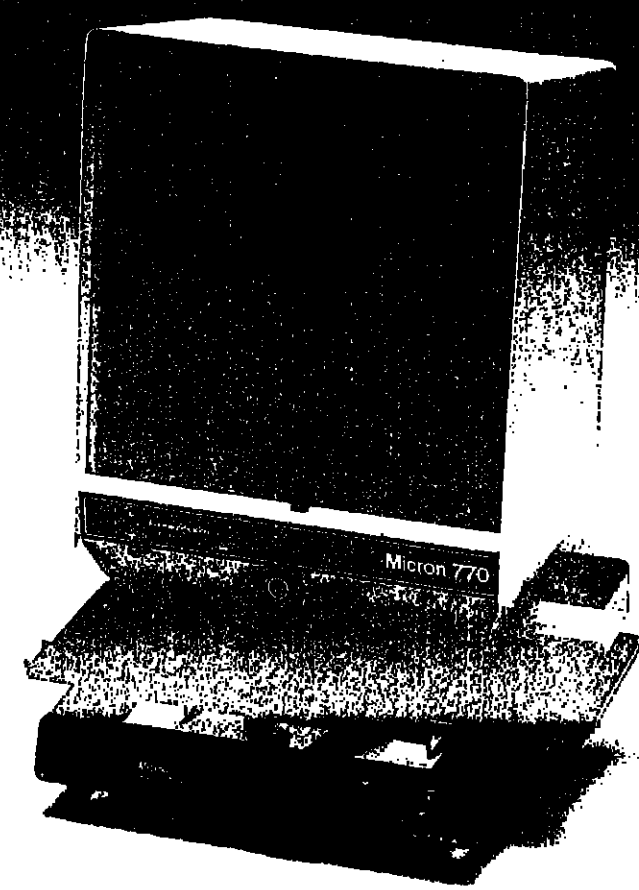
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model 770 (The universal reader)

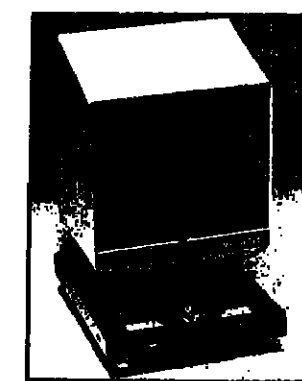
11" x 11" screen accepts all COM and document source fiche.
Ideal for inventory control, order entry and record keeping systems. Non glare screen for easy reading.



model 750 1/4 size desk top model. Where lack of space is a problem, Micron 750 is the answer. Though small in size this newly-styled reader incorporates all the big advantages of the Micron range.



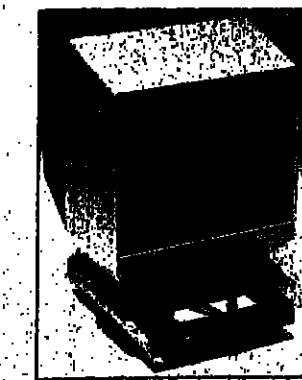
model 760 360° optical image rotation dual lens capability. Ideal for jackets or COM, projecting either source document or 1/4 COM images with uniform sharpness.



model 775 Front projection 11" x 11" screen. Designed for performance and economy. Ideally suited for source document and COM applications in high ambient areas.



model 780 Full 14" x 11" screen convenience engineered for the user. Wide screen reader delivers standard source document and computer output images (COM) at FULL SIZE.



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What to look for in a COM services bureau

by S Arnold Kober
Pfizer Inc.

S ARNOLD KOBER is a senior micrographics systems analyst at Pfizer Inc., New York City.

Information in this article to upgrade their conditions where applicable and offer us, the users, more efficient and effective services.

First of all, these questions will fit just about any situation.

Secondly, this check-list is not all encompassing.

At this point I would like to define what a service bureau is

— and is not. To do this I will rely on Mr George Harman's definition as stated in his article "A Service Bureau — How to Select One". A Service Bureau is . . . "referring to those organisations which make microfilm copies for our customer using his original material."

After all these questions are answered satisfactorily, all

the selection criteria have been collated and all the service bureaus have responded to your "Request for Proposal". Then a matrix should be set up and the old standby, a subjective point rating, should be assigned to each criterion. The Service Bureau receiving the highest point sum should be the one you choose for your

applications. I emphasise "should be", because this may be misleading since it is very difficult to quality all criteria. So then, maybe some of the points may need to be massaged. I also have included a "report card" technique for which you can rate your Service Bureau once you've made your choice.

I. PERSONNEL
Is the salesperson knowledgeable and does he/she relate well to customer problems?

II. EQUIPMENT
What type of equipment does the Service Bureau have? What about maintenance?

III. PHYSICAL CHARACTERISTICS AND LOCATIONS
Does the physical layout of the service bureau appear organised?
How convenient is the Service Bureau to your location?
How long has the Service Bureau been established in the area?

IV. QUALITY
What are the quality control steps?

V. CAPABILITIES
Can the service bureau do specific requirements?
Will the Service Bureau write to your Request for Quotation?
Specifications?
What is the Service Bureau's volume? (10 min to 100 min or any other comparison?)
volume you want to use to the Service Bureau?
line Service Bureau?
does it sell accessories, equipment as well as perform COM operations?
What is the "depth of service", i.e. the programming capabilities, quality checks, etc?

Is the Service Bureau capable of offering a facilities management or similar programme?

VI. SYSTEMS ASSISTANCE
Can assistance and guidance be given to design COM microfilm systems?
Will they train your personnel if you go into an in-house operation?

VII. APPLICATION REQUIREMENTS
Are special type, character, lower case or upper case, different font styles needed for your COM format?
What types of applications will be given to the Service Bureau at this point of time?
Will the Service Bureau perform evaluation tests for initial or on-going applications?

VIII. FINANCIAL STABILITY
What is the financial condition of the company? If a subsidiary, what is the parent company's condition?
Can you get a copy of the financial statement?

X. COSTS
Will the Service Bureau charge for pickup and delivery?
What are the service maintenance contracts available?
What is the breakdown of costs such as per page, fiche (master and dup) etc?

XII. VOLUME
What is the starting volume of the report(s) you're preparing on COM?
What will be the volume of the report(s) in the months' time?
Per week? Per month? Annually?
Can the Service Bureau handle volume on your report(s)?
What is the turnaround time?

by Allan Levett

ON 1978 election day in the Wairarapa, Labour Party workers found empty houses where known supporters had been earlier located by canvassers. In one street in Masterton there were six such vacant houses.

This was symptomatic of the economic decline in the Wairarapa, a decline the National Government seemed unwilling to halt with regional development assistance. Since 1975 there has been a higher-than-average unemployment rate and a greater fall-off in major industries than in New Zealand as a whole.

Yet in the 1978 election the swing against the Government in the marginal Wairarapa seat was less than half that in the rest of the country. National held the seat with a majority of 837. Social Credit gains there were less than throughout New Zealand.

In short, there was less dissatisfaction with the Government, despite the evidence and experience of regional decline.

Such a decline is supposed, by the conventional wisdom, to have caused the swing to Labour in the South Island last year. Yet, apart from Wairarapa, (and some North Island electorates, including Gisborne and New Plymouth), the move against the Government was not as great as in the cities where the building industry was still struggling on and jobs were still being advertised.

The explanation for this paradox is that in the Wairarapa, some of the people forced to the wall left the district in search of work. Meanwhile, others became better off and could see no reason to be dissatisfied with the Government.

According to the Labour Department's half-yearly survey of the Masterton Employment district, which includes all of the electorate, there was little change in the overall size of the Wairarapa workforce between 1975 and 1978—but there were some dramatic shifts within it.

The number of fulltime jobs fell by 72, but part-time positions rose by 179. However, that figure is deceptive. Jobs for men fell by 190 and those for women rose by 297. If most of the women's jobs were taken by married women, it means there were fewer households in Wairarapa in 1978 than 1975.

My guess is that most of the female jobs were for married women, partly because of the growth of part-time work and partly because of changes in the employment patterns in the district.

In both factories and retail stores where part-time female work increased, managers told me they preferred to employ married women. The work was not highly skilled and flexible hours could often be arranged. Older, married women are steadier workers and more reliable employees, I was told. As the economy staggered downhill and unemployment grew, employers could afford to be more selective in this way.

One major cost of this preference is youth unemployment, and Wairarapa has rates that are substantially above the national average. The biggest shifts in the workforce occurred in the construction industry and in the category called community and personal service. Construction lost 224 workers (all male) and services added 103 (three-quarters female) over the three-year period.

Economic decline favours National in Wairarapa

The only exception to the pattern among the five towns was in Featherston in south Wairarapa, where National dropped 7 per cent and Labour gained a hefty 5.6 per cent two-party swing. Featherston is more an outer suburb of Wellington than a Wairarapa town, 500 people crossing the Rimutakas every day. The voting results suggest that where people work is more important in affecting voting preferences than where they live.

The pattern seems clear. Economic growth in the Wairarapa has favoured Labour, while economic decline has favoured National. In the 1980s a new Labour-voting work-force moved into the Wairarapa to staff growing manufacturing in the towns. Coupled with the decline in the rural communities this helped

elect a Labour MP in 1989 for the first time since 1946. The decline in the 1970s has produced a drastic increase in inequality: some families and young people were driven to the breadline, and a proportion of them, including Labour-voting skilled workers, left the district. Other families who stayed were better off than they had ever been and could

not understand what the fuss was about. Thus the scales have tipped back to National as work opportunities have declined in the towns. Regional stimulation could easily reverse the pattern. Yet without it, dissatisfaction with the Government will continue to grow. There's the rub for National.

First, skilled tradesmen are among the staunchest supporters of Labour. It was their houses that were found empty on election day. The exit of these men and their families from the district meant fewer votes for Labour in Wairarapa.

But where did they go? Probably to the cities, where there were still jobs for skilled workers, and where on election day, Labour made its modest gains. Second, among the people who remained in the Wairarapa were some who were better-off than they had ever been. These were the new two-income families resulting from the increased job opportunities for married women. They had little reason to change the government and would vote National or Social Credit.

On the hustings these people were the most difficult to persuade that the country was undergoing an economic recession. They did not understand why others could not get jobs, and they were unsympathetic to all recipients of state money: farmers as well as solo mums, freezing workers as well as the unemployed. That was the source of some dissatisfaction with the Government, from which Social Credit benefited.

The comparative wealth of the two-income families profited others in the district also—certain retailers and merchants for example—and provided the means for sustaining their similar outlooks on politics.

The Haylen-National Business Review post-election survey asked people to classify themselves by occupation. The group "clerical-sales-service" turned out to be over-represented among new Social Credit, and new National voters, and these two parties both obtained strong support from housewives.

Another category also likely to be included in the new two-income family group was "manual worker, labourer, semi-skilled". These people were found less frequently than expected supporting Labour and often had become "new National voters".

On the other hand the survey found very strong support for Labour among skilled workers (NBR Dec. 20, 1978).

In a polling booth breakdown the picture is confirmed. Dissatisfaction with National was much less in the

CHANGES IN WAIRARAPA WORKFORCE 1975-1978

Industrial groups	Oct 1975	Oct 1978	Difference
Forestry, Logging, Mining and Quarrying	94	129	+35
Manufacturing	3487	3480	-7
Electricity, Gas and Water	209	189	-10
Construction	884	670	-214
Wholesale, Retail	2406	2356	-50
Transport, Communication	1007	947	-60
Finance	642	629	-13
Community and Personal Service	3545	3981	+436
	12,284	12,391	+107

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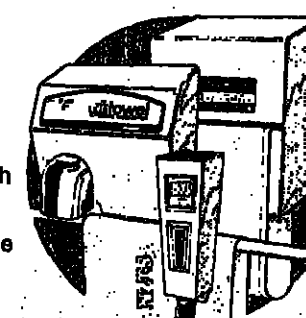


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